

# भारत का राजपत्र The Gazette of India

प्राधिकार से प्रकाशित  
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सं० ३८] नई दिल्ली, शनिवार, सितम्बर २३, १९६७/अश्विन १, १८८९  
सं० ३८] NEW DELHI, SATURDAY, SEPTEMBER 23, 1967/ASVINA 1, 1889

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## नोटिस NOTICE

नीचे लिखे भारत के अतिशय राजपत्र २५ जुलाई १९६७ तक प्रकाशित किये गये :—

The undermentioned Gazettes of India Extraordinary were published up to the 7th September, 1967 :—

Issue No.	No. and Date	Issued by	Subject
415	S.O. 3083, dated 31st August, 1967.	Ministry of Commerce.	Amendment to notification No. 771, dated 6th March, 1965.
	S.O. 3084, dated 31st August, 1967.	Do.	The Export of Fish and Fish Products (Inspection) Amendment Rules, 1967.
416	S.O. 3085, dated 31st August, 1967.	Do.	Appointing the 1st day of September, 1963 as the date on which the Standards of Weights and Measures (Extension to Kohima and Mokokchung Districts) Act, 1967 shall come into force in the district of Kohima and Mokokchung in the state of Nagaland.
	S.O. 3086, dated 31st August, 1967.	Do.	Permitting the continuance of use in the districts of Kohima and Mokokchung in the State of Nagaland for a period of two years from the 1st September, 1967 of any weight or measure which was in use immediately before that date.

Issue No.	No. and Date	Issued by	Subject
417	S.O. 3087, dated 31st August, 1967.	Ministry of Commerce	Directing the East India Jute and Hessian Exchange Ltd., Calcutta to suspend entering into forward contracts in jute goods other than (i) transferable specific delivery contracts and (ii) non-transferable—specific delivery contracts for a further period of seven days with effect on and from the 1st September, 1967.
418	S.O. 3088, dated 1st September, 1967.	Do.	Direction that the Order No. S.O. 1196, dated 13th April, 1966 shall continue to have effect for a further period upto 15th September, 1967.
419	S.O. 3089, dated 2nd September, 1967.	Ministry of Home Affairs.	The Governor of the States of Assam and Nagaland. (Allocation of Emoluments and Allowances) Order, 1967.
420	S.O. 3090, dated 2nd September, 1967.	Election Commission, India.	Amendments in notification No. 508/UP/67, dated 11th January, 1967.
421	S.O. 3091, dated 2nd September, 1967.	Ministry of Industrial Development and Company Affairs.	Board of Management for the M/s. Diwan Sugar and General Mills, Private Limited, Sakhoti-Tanda, District Meerut.
422	S.O. 3092, dated 4th September, 1967.	Ministry of Home Affairs.	Constitution of an Advisory Board for the purposes of the Preventive Detention Act, 1950.
423	S.O. 3200, dated 5th September, 1967.	Ministry of Finance	Notifying (i) the Industrial Credit and Investment Corporation of India Limited, Bombay and (ii) the Gujarat Cooperative Housing Finance Society Limited, Ahmedabad for the purpose of the Income-tax Act, 1961.
424	S.O. 3201, dated 6th September, 1967.	Central Board of Direct Taxes.	Corrigendum to S.O. 846, dated 10th March, 1967.
425	S.O. 3202, dated 6th September, 1967.	Ministry of Commerce.	Further amendment to the Exports (Control) Order, 1962.
426	S.O. 3203, dated 7th September, 1967.	Do.	Further amendment to the Exports (Control) Order, 1962.

कार लिखे असाधारण राजपत्रों की प्रतियाँ प्रकाशन प्रबन्धक, सिविल लाइन्स, दिल्ली के नाम मांगपत्र भेजने पर भेज दी जाएगी। मांगपत्र प्रबन्धक के पास इन राजपत्रों के जारी होने की तारीख से 10 दिन के भीतर पहुँच जाना चाहिए।

Copies of the Gazettes Extraordinary mentioned above will be supplied on indent to the Manager of Publications, Civil Lines, Delhi. Indents should be submitted so as to reach the Manager within ten days of the date of issue of these Gazettes.

भाग II—खण्ड 3—उपखण्ड (ii)

PART II—Section 3—Sub-section (ii)

(रक्षा मंत्रालय को छोड़कर) भारत सरकार के मंत्रालयों और (संघ क्षेत्र प्रशासन को छोड़कर) केन्द्रीय प्राधिकरणों द्वारा जारी किए गए विधिक आदेश और अधिसूचनाएँ।

Statutory orders and notifications issued by the Ministries of the Government of India (other than the Ministry of Defence) and by Central Authorities (other than the Administration of Union Territories)

ELECTION COMMISSION, INDIA

New Delhi, the 11th September 1967

S.O. 3312.—In pursuance of section 106 of the Representation of the People Act, 1951, the Election Commission hereby publishes the Order, pronounced on the 16th August, 1967 by the High Court of Rajasthan, Jodhpur in Election Petition No 19 of 1967.

IN THE HIGH COURT OF JUDICATURE FOR RAJASTHAN AT JODHPUR

JUDGMENT

Narain Prakash s/o Shri Nandram, r/o Bada Bada Dhanna Talai, Tonk (Rajasthan)

Versus

1. Jamna Lal of Tonk
2. Keshar Lal of Dhanna Talai, Tonk
3. Chouthmal of Bandar Sindri
4. Ram Gopal of Tonk
5. Ram Nath of Tonk.

ELECTION PETITION No. 19 of 1967

u/ss 80, 80-A and 81 of the Representation of People Act of 1951

Date of Judgment: August 10, 1967.

PRESENT

THE HON'BLE JUSTICE L. N. CHHANGANI

Mr. S. N. Bhargava—For the Applicant

Mr. M. C. Dhoot—for the non-applicant No. 1

By the Court

This is an Election Petition by Narain Prakash, a defeated candidate for setting aside the election of Shri Jamna Lal, Respondent No. 1, to the Lok Sabha from the Tonk Parliamentary Constituency in the last General Elections.

The only ground on which the Election of the Respondent No. 1 was challenged was that the Election Commission committed an error in interfering with the discretion exercised by the Returning Officer granting a free symbol to the Respondent and allotting him the symbol of the Swatantra Party. It was contended that on account of the change of the symbol by the Election Commission the results of the Election were materially affected. It was alleged that there was a breach of an order made under the provisions of the Act and the breach having affected results of the election, the election deserves to be set aside.

The petition was opposed by the Respondent No. 1 and it was contended *inter alia* that the ground relied upon by the petitioner cannot be a valid one for setting aside the election.

Issues were framed on 7th July, 1967 and the case was fixed for recording evidence of the parties today. The petitioner did not appear in Court and consequently, his statement could not be recorded. Two witnesses on behalf of the petitioner were present in the Court but the counsel for the petitioner could not examine them in the absence of any instructions from his client. The witnesses

were thus discharged. No other witness present in Court and the counsel for the petitioner closed his evidence. As the petitioner led no evidence, the counsel for the Respondent also expressed his desire not to lead any evidence. Arguments were consequently heard.

In order to succeed it was necessary for the petitioner to have proved in the first instance that there was any breach of any order issued under the Act by the petitioner and that such a breach materially affected the results of the election. Even on an assumption that there was a breach of an order issued under the Act in the absence of evidence it is not clear whether the Respondent No. 1 committed any such breach or it was a more breach by a public authority only. This apart, in the absence of evidence it is impossible to come to a conclusion that the results of the election have been affected in any manner on account of the grant of the Swatantra Party symbol to the election have been affected in any manner on account of the grant of the Swatantra Party symbol to the Respondent No. 1 even if the grant be treated as violating some order issued under the Act. The allegations made in the election petition remain altogether unsubstantiated and unproved. The Election Petition cannot but fail and it is dismissed with costs. The counsel's fees are assessed at Rs. 300 (Rupees Three Hundred only).

Let an authenticated copy of the decision be sent to the Election Commission and the Speaker, Lok Sabha, immediately.

(Sd.) L. N. CHHANGANI,

[No. 82/19/87(RJ).]

*New Delhi, the 13th September 1967*

**S.O. 3313.**—In pursuance of section 106 of the Representation of the People Act, 1951, the Election Commission hereby publishes the Order, pronounced on the 1st August, 1967 by the High Court of Rajasthan, Jodhpur in Election petition No. 20 of 1967.

#### IN THE HIGH COURT OF JUDICATURE FOR RAJASTHAN AT JODHPUR

##### JUDGMENT

Ram Lal V. Vishveshwar Nath,

S. B. ELECTION PETITION No. 20 OF 1967

Date of Judgment: 1-8-1967.

##### PRESENT

The Hon'ble Mr. Justice Jagat Narayan,

Mr. R. C. Jain—for the petitioner.

Mr. M. B. L. Bhargava and Shri S. K. Goel—for the respondent.

##### *By the Court*

This is an election petition under section 80 of the Representation of the people Act, 1951 challenging the election of Vishveshwar Nath Bhargava—Respondent to the Lok Sabha from the Ajmer Parliamentary Constituency. The petition has been filed by one Ram Lal an elector of the Constituency. It has been contested by the returned candidate.

The grounds on which the petition is based appear from the following issues which were framed in the case:—

- 1(A) Is the office of Pramukh of a Zila Parishad in Rajasthan (1) under the Government and is it (2) an office of profit within the meaning of Article 102(1)(a) of the Constitution?
- 1(B) Is the amount of Rs. 300/- which the respondent No. 1 was admittedly entitled to draw as Pramukh of Zila Parishad salary or honorarium or compensatory allowance?
- 1(C) Did the respondent No. 1 not draw the above amount from the second week of January 1967 up to the date of election? If so, what is the effect?
- 1(D) Is the above office exempt from disqualification under section 3(i) of the Parliament (Prevention of disqualification) Act (No. 10 of 1959), 1959?



- 2(A) Is section 10(2) of the Delimitation Commission Act, 1962 void on the ground that by delegating its power to the Delimitation Commission to such an extent the Parliament has effected itself?
- 2(B) If so, is tacking Bhim and Kumbhalgarh Assembly Constituencies to Ajmer Parliamentary Constituency void and the votes polled in these Assembly Constituencies should be excluded? If so, how will the result of the election be effected?
- 2(C) Can the Delimitation Order, 1966 be challenged before this Court in this Election petition under the Representation of the People Act, 1951?
- 3(A) Whether the Presiding and Polling Officers for Bhim and Kumbhalgarh Constituencies were not appointed by district Election Officer, Ajmer?
- 3(B) If so, who appointed them? Was any breach of the provisions of Section 25 or 26 of the Representation of the People Act, 1951 thereby committed?
- 3(C) Is it necessary to go into the above questions in the absence of any allegation in the petition that the result of the election was materially affected by irregularity, if any, of the above description?
- 4(A) Did the respondent commit a breach of section 78 of the Representation of the People Act, 1951 by filing the return of his election expenses before the District Election Officer, Ajmer and by not filing the return before the DEO Udaipur?
- 4(B) Does it constitute a ground for setting aside the election under section 100 of the Representation of the People Act, 1951?
- 5(A) Was the Returning Officer of the Ajmer Parliamentary Constituency not authorised to administer oath to the respondent under Article 84 of the Constitution by virtue of Notification No. S.O. 3215 dated 14-11-1963 published in the Gazette of India (Extraordinary), Part II, Section 3(ii), No. 228 dated 16-11-1963?
- 5(B) If so, is the election liable to be set aside under section 100(1)(a) of the Representation of the People Act, 1951?
6. To what relief are the parties entitled?

#### *Findings*

##### *Issue No. 1. (A)*

The petitioner was the Pramukh of Ajmer Zila Parishad on the date on which he filed his nomination paper as well as on the date on which the election was held. Under the Rajasthan Zila Parishads (Payment of Allowance to Members), Rules, 1961 as Pramukh of the Ajmer Zila Parishad he was entitled to a monthly honorarium of Rs. 300/- and was also entitled to draw travelling allowance and daily allowance in accordance with these rules in addition to the honorarium.

Some village Panchayats were in existence in Rajasthan when the Constitution came into force and others were established after the coming into force of the Constitution in pursuance of the directive principle contained in Article 40 of the Constitution, which runs as follows:—

"40. The State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government."

In the Second Five Years Plan the Planning Commission had laid great emphasis on the fact that planning should start at the lowest level and that Panchayats should be the nucleus of such planning. Implementation of all scheme of rural development should be broad-based on self-help and mutual cooperation. The study Team of Community Development headed by Shri Balwant Rajji Mehta (which was appointed by the Committee on Plan Projects set up by the Planning Commission) examined this question at great length and suggested the formation of Panchayats in villages and democratic decentralisation of administration at the block and district levels. The Rajasthan Panchayat Samitis and Zila Parishads Act, 1959 was passed to give effect to this recommendation. Panchayats were formed for groups of villages so as to cover all the villages in the State. The Sarpanch of each Panchayat is elected by adult franchise. For every block a Panchayat Samiti was constituted to supervise over the work of all the Panchayats within its jurisdiction as well as to carry out some other duties. A Zila Parishad was constituted in each District to supervise and coordinate the work of Panchayat Samitis. It is also an Advisory Body for planning and development activities in the District. The Panchayat Samitis and the Zila Parishads are Corporate Bodies having perpetual succession, with power to acquire, hold and dispose of property and to enter into contracts and can sue and be sued. The Sarpanch of the Par-

chayat is elected on the basis of adult franchise by all the residents of the group of villages included in it. All Sarpanches of Panchayats within the jurisdiction of a Panchayat Samiti are ex-officio members of it. Members of the Legislative Assembly of the State elected from an area within the jurisdiction of the Panchayat Samiti are also ex-officio members. Some members of the Panchayat Samiti are elected by the President of the Gram Sabhas in the block from amongst themselves. These members in turn coopt upto two women, two persons belonging to the scheduled castes and two persons belonging to the scheduled tribes. The Pradhan of the Panchayat Samiti is elected by an electoral college consisting of—

- (i) Sarpanches of all panchayats;
- (ii) Members of Legislative Assembly elected from the Block;
- (iii) Coopted members of the Panchayat Samiti;
- (iv) All panches of the Panchayats in the block.
- (v) Presidents of all Gram Sabhas in the Block.

Every Zila Parishad consists of the following members:—

- (i) Pradhans of all Panchayat Samitis in the District;
- (ii) members of the Rajya Sabha residing in the District;
- (iii) members of the Lok Sabha elected from a Constituency which forms part of the District;
- (iv) members of the Legislative Assembly elected from the District;
- (v) the above ex-officio members coopt upto two women, a person belonging to the scheduled caste and a person belonging to the scheduled tribes.

Besides the above members, the District Development Officer, viz. the Collector of the District, is a member. He has a right to speak at the meetings but he has no right to vote. There are some other associate members also, who have a right to speak but cannot vote. The District Development Officer and the associate members do not take any part in electing the Pramukh of the Zila Parishad, who is elected by an electoral college consisting of—

- (i) Pradhans of all panchayat Samitis.
- (ii) members of the Lok Sabha elected from a Constituency forming part of the district.
- (iii) members of the Rajya Sabha residing in the District.
- (iv) members of the Legislative Assembly elected from a Constituency forming part of the District.
- (v) members of the Panchayat Samiti, who have a right to vote at its meetings.

The functions which the Panchayats, Panchayat Samitis, and Zila Parishads discharge are governmental functions, viz. functions which would normally be performed by the servants of the State, if these bodies had not been created. They are all subject to governmental control the extent of which is indicated by the Statutes creating these bodies, and the rules framed under them. As has already been mentioned above the Zila Parishads were created by the Rajasthan Panchayat Samitis and Zila parishads Act, 1959, the following provisions of which may be noticed to indicate the extent of control exercised by the Government on the Zila Parishad and its Pramukh:—

- S. 42(2)—makes the Zila Parishad a body corporate having perpetual succession and a common seal, with power to acquire, hold and dispose of the property, to enter into contracts and to sue or be sued in its corporate name.
- S. 43(3)(iv-a)—The District Development Officer viz. the Collector is a member of the Zila Parishad, who has a right to speak at its meetings but has no right to vote.
- S. 46.—The normal term of office of Zila Parishad is three years but the State Government may extend it from time to time by a period not exceeding one year in the aggregate.
- S. 48.—The resignation of the Pramukh only takes effect from the date on which the sanction of the State Government thereto is received in the office of the Zila Parishad.
- S. 52.—Rules for the conduct of business at its meetings are prescribed by the State Government.
- S. 53(1)—The District Development Officer is entitled to attend meetings of the sub-committees of the Zila Parishad and to participate in the deliberations.

- S. 53(2)—All Officers of the State Development Department are entitled to attend the meetings of the Zila Parishad or a sub-committee thereof and to participate in the deliberations of such meetings relating to matters concerning their departments.
- S. 54—The Zila Parishad can direct any division level officer of Government to attend any of its meetings. It can also direct any officer of the State Development Department to attend its meetings.
- S. 55—The Secretary of the Zila Parishad is appointed by the State Government. He is a person holding a post under the State Government and is liable to transfer by the State Government.
- S. 56—The Secretary appointed by the State Government records and keeps the minutes of the meetings of the Zila Parishad as well as its sub-committees. He works as drawing and disbursing officer of the Zila Parishad. The Pramukh has however the power to stop any payment and place the matter before the Zila Parishad for its orders.
- S. 57—Enumerates the powers and functions of the Zila Parishad. The main function of the Zila Parishad is to supervise and coordinate the activities of the Panchayat Samitis and to distribute among them the *ad hoc* grants allotted to the district by the State Government.
- S. 58—Defines the powers and functions of the Pramukh. He convenes, presides over and conducts the meetings of the Zila Parishad, has full access to its records, exercises administrative control over its Secretary and the Staff working in the Secretariat in order to enable him to assess the activities of the Panchayat Samitis. He is expected to visit the blocks and to inspect the works undertaken and the records maintained by the Panchayat Samitis. The Pramukh sends annually a report about the work of the Secretary to the District Development Officer.
- S. 60—The State Government fixes the strength of the staff, determines their conditions of service and the method of their recruitment. The Zila Parishad is the appointing authority in case of Class III Staff. The appointments are made on the recommendation of a Selection Commission consisting of two persons appointed by the State Government and the Pramukh. Members of the State Service can be appointed to the Zila Parishad Service and *vice-versa*.  
Under section 87 the members of the Zila Parishad Service are entitled to receive pensions from the State Government out of the consolidated fund of the State.
- S. 61—The allowance of the Pramukh as well as the members of the Zila Parishad is fixed by the State Government.
- S. 62—All moneys received by a Zila Parishad are credited to and constitute a fund which is called "The Zila Parishad Fund" and are to be applied for the purposes specified in the Act or the Rules framed thereunder. The moneys are however to be kept in the Government Treasury. All orders for payment are to be signed by the Secretary. Payments for amounts exceeding Rs. 5,000/- are to be countersigned by the Pramukh.
- S. 63—The only two sources of income of the Zila Parishad consist of—  
(i) moneys received from the State Government.  
(ii) donations and contributions from the Panchayat Samitis or from the public.  
There is no provision in the Act making it incumbent on the Panchayat Samitis to make a donation or contribution to the Zila Parishad. The Zila Parishad Fund thus mainly consists of moneys received from the State Government.  
The payment of allowances of the Pramukh and the members of the Zila Parishad is made a first charge upon the fund of the Zila Parishad.
- S. 64(4)—The Budget Estimate as finally passed by the Zila Parishad are to be submitted to the State Government and if the State Government is satisfied that an adequate provision has not been made for giving effect to the provisions of the Act it shall have power to suggest modifications and to return it to the Zila Parishad with its observations. The Zila Parishad is bound to consider such observations and pass the budget with such modifications as it deems necessary. It is noteworthy that the Zila Parishad is not bound to accept modifications suggested by the Government.

S. 65—The Zila Parishad is bound to maintain accounts, to transact its financial business, to submit returns to the State Government and to prepare its budget in accordance with the Rajasthan Panchayat Samitis and Zila Parishads (Financial, Accounts and Budget) Rules, 1959. Under Rule 30 it is the duty of the Secretary to see that the total expenditure is kept within the limits of authorised appropriation and funds are expended on objects for which provision has been made. Under Rule 76(3) the State Government has power to cause the payment of the pay and allowances of the officers and servants of the Zila Parishad including the members after they have become due if the Zila Parishad fails to make payment. Under Rule 102 the Zila Parishad has to send quarterly as well as annual statements of income and expenditure under each head of the budget to the District Development Officer who in turn submits them to the State Government with the comments.

The accounts of the Zila Parishad are audited under the Rajasthan Local Fund Audit Act, 1954 and the Rajasthan Local Fund Rules, 1955. Under Rule 107 it is the duty of the District Development Officer to see that the irregularities pointed out in the Audit Report are promptly attended to and rectified. Rule 108 makes it binding on the Zila Parishad to remove the audit objections without delay. Under Rule 11(2) the Zila Parishad can write off loss of money, recoverable revenues, loans, advances or stores only with the approval of the State Government. Under Rule 115 the State Government have power to issue instructions to the Zila Parishad from time to time for the proper observance of the Rajasthan Panchayat Samitis and Zila Parishads (Financial, Accounts and Budget) Rules, 1959.

- S. 66-A—If the Zila Parishad makes any default in performing any duty imposed upon it by or under the Act the State Government may direct it to perform the duty within a period fixed by it. If the duty is not performed within the period the State Government can appoint some person to perform it and direct the Zila Parishad to pay the expenses incurred in the performance of the duty together with reasonable remuneration to the person so appointed.
- S. 67—The State Government may supersede the Zila Parishad if it appears to it that it has failed to exercise its powers and perform its functions or has exceeded or abused its powers. On being superseded the Pramukh as well as the members of the Zila Parishad all go out of the office.
- S. 73—The Pramukh as well as members of the Zila Parishad are made public servants within the meaning of section 21 of the Indian Penal Code.
- S. 74—The Zila Parishad has to send to the State Government annually a report on its administration.
- S. 75—Provides that no suit against a Zila Parishad or against any member, officer or servant thereof or against any person acting under direction of the Zila Parishad for anything done or purporting to be done under the Act in its or his official capacity shall be instituted without giving two months' notice or more six months after the accrual of the cause of action.
- S. 76—Gives protection against being sued or prosecuted for any thing done in good faith under the Act.
- S. 77—Surplus funds can be invested by the Zila Parishad only with the sanction of the State Government.
- S. 79—Gives power to the State Government to frame rules for carrying out the purposes of the Act.
- S. 84—Gives power to the State Government to delegate some of its powers under the Act to any person or authority subordinate to it. S. 58(e) lays down that the Pramukh shall exercise such other powers as may be delegated to him under section 84. From this it is inferred on behalf of the petitioner that the State Government treats the Pramukh as a person subordinate to it.
- S. 85—Enables the State Government to revise any order of the Zila Parishad.
- S. 90—If any dispute arises between two Zila Parishads or between a Zila Parishad and a Municipal Board it shall be referred to the State

Government for decision. Such decision shall be final and shall not be questioned in any court of law.

It is not disputed that the office of Pramukh of a Zila Parishad in Rajasthan is an office within the meaning of Article 102(1)(a) of the Constitution. The first question for determination is whether the office of Pramukh is held under the Government. The contention of the petitioner is that it is so held. It is argued that although the Pramukh is elected his term can be extended by Government under section 46 by extending the term of the Zila Parishad. Further although the Pramukh can only be removed from his office by a motion of no confidence under section 49, the State Government may put an end to the term of the office of the Pramukh by superseding the Zila Parishad under section 67. Under section 61 it is the State Government which determines the remuneration attached to the office of the Pramukh. The source from which this remuneration is paid is mainly Government revenue. Under section 63 the Zila Parishad Fund mainly consists of moneys received from the State Government. It is pointed out that under section 48 the resignation of the Pramukh only takes effect after it is sanctioned by the Government. Further that under section 58(e) read with section 84(1) it is clear that the Government treats the Pramukh as its subordinate to whom its powers can be delegated. It is argued that the Pramukh as well as the Zila Parishad work under the control of the Government and are bound to obey the directions issued by it. It is contended that the Zila Parishad performs only governmental functions and as such it is an agent or servant of the State and the Pramukh who admittedly holds office under the Zila Parishad, holds it under the State.

On behalf of the respondent it is contended, on the other hand, that the decisive factor in coming to the finding as to whether or not an office is held under the Government is whether the Government has power to appoint a person to it. The Pramukh is elected by an electoral college consisting of persons who are themselves elected and the Government has no hand in the appointment. Further the Pramukh can only be removed from his office by a motion of no confidence passed by the members of the Zila Parishad and in this also the Government has no hand. It is pointed out that the Government can neither extend the term of office of the Pramukh or put an end to it without extending the term of the office of the Zila Parishad or superseding it, and that from these powers of the State Government no inference can be drawn that it has any power of appointment or removal of the incumbent of the office of Pramukh. As regards the power of the State Government to determine the quantum of allowance to be paid to the Pramukh under section 61 the argument on behalf of the respondent is that such a determination can only be made by rules. With regard to the source from which payment is made to the Pramukh the contention of the respondent is that it is paid out of the Zila Parishad fund and not out of government revenues. In the eye of law even though Zila Parishad Fund may mostly consist of moneys received from the State Government. It was denied that the State Government can issue any directions to the Pramukh or the Zila Parishad interfering with the exercise of their discretion in discharging their functions and compel obedience to such directions. Lastly it was contended that the Zila Parishad is a juristic entity distinct from the State Government, and cannot be treated as a servant or an agent of the latter. The provisions of the Rajasthan municipalities Act, 1959 were referred to and it was pointed out that the Government exercises comparatively a stricter control over the Municipal Board and its Chairman. The Chairman can be removed like any other member for misconduct. Several of the taxes can only be imposed by the Municipal Board with the sanction of the State Government. The Government may refuse to sanction a tax proposed by the Board or may sanction the proposal after such modification as it seems fit. The Municipal Board has to send its Budget Estimates for sanction to the State Government which has power to modify them. The Municipal accounts are also audited by the examiner of the Local Fund Audit. The Municipal Board has to send to the Government an annual Administration Report. The State Government has full powers of inspection and supervision under Chapter XII. It is contended on behalf of the respondent that despite these powers no one would think of treating the Municipal Board as an agent or servant of the State Government.

I now proceed to examine some of the decisions cited on behalf of the parties on this part of the issue:

(1) *Hansa Jivraj Mehta V. Indubhai B. Amin and others* (Election Tribunal, Baroda).

Shrimati Hansa Mehta was appointed Vice Chancellor of the University of Baroda by the then Government of Baroda before Baroda merged with Bombay. She received an honorarium of Rs. 500/- per month, a car allowance and a free

turnished house from the funds of the University. She was liable to be removed from the office by the Government. It was held that even though the petitioner received her allowances from the funds of the University and not from the State direct, as she was appointed by the Government of Baroda and was liable to be removed by the Government she was disqualified under Article 121(a) of the Constitution for being chosen as a member of the Parliament. It was observed that in deciding whether or not the office is held under the Government of a State various tests can be applied:

- (i) Whether the State Government has the power of appointing or removing from office an incumbent?
- (ii) Whether it has power to issue directions to the incumbent and compel obedience to such directions?
- (iii) Whether the profit in question is derived by the incumbent from the Government of the State?

The first test was held to be decisive on the ground that if it is satisfied the irresistible inference would be that the incumbent would be under an obligation to that Government irrespective of the fact that his salary is drawn from source other than Government. The Tribunal came to the finding that the honorarium and allowance received by Smt. Hansa Mehta came directly from the University Fund and the fact of Government's contribution to that fund does not in any way change the source of the honorarium and allowance.

(2) *Hakikatullah V. Nathusigh and others* (Election Tribunal, Bikaner).

Hakikatullah was the President of the Jodhpur Municipality. He was getting Rs. 130/- per month as an honorarium. Under section 53 of the Jodhpur Municipal Act, 1943 the President of the Board was elected by the members of the Board from amongst themselves subject to the approval of the Government. Under section 59 he was liable to be removed from the office by the Government on the ground of persistent failure to perform his duty. It was held that section 53 gives a hand to the Government in the appointment of the President which could not be made until and unless the Government agreed to it. As he was removable from office by the State it was held that he was disqualified under Article 191(1)(a) of the Constitution for being chosen as a member of the Rajasthan Legislative Assembly.

(3) *Dr. Deorao Laxman Anande V. Keshav Laxman Borkar*

The question which arose for decision in the case was whether an Insurance Medical Practitioner appointed under the Employees State Insurance Corporation was disqualified under Article 191(1)(a). The Corporation was a body incorporate having perpetual succession and a common seal and was capable of suing and being sued in the name of Employees State Insurance Corporation. Under the provisions of the Act under which the Corporation was established the Government exercised considerable control over it. Its principal officers were appointed by the Government. Its Budget Estimates were to be submitted to the Central Government for approval. The Audited Accounts were also to be submitted to the Government. The Corporation thus worked under the control and supervision of the Central Government. It was held that that would not make it a servant or an agent of the Government or justify an inference that it was a Government Department. In the eye of law it was a separate statutory body and its employees could not be regarded as employees of Government. A reference was made to the decision in *Tamlin V. Hansford* (1950 1 KB 18).

It was found that the Insurance Medical practitioners were appointed by the Surgeon-General to the State of Bombay. They were liable to dismissal or removal or to other disciplinary action by the same authority. Part of the remuneration payable to the Insurance Medical practitioners came out of the revenues of the State. On these findings it was held that the Insurance Medical practitioners held office under the Government of Bombay.

It was observed that the principal tests for deciding whether an office is under the Government are—

- (1) What authority has the power to make an appointment to the office concerned.
- (2) What authority can take disciplinary action and remove or dismiss the holder of the office, and

(3) by whom and from what source is his remuneration paid.  
Of these the first two were held to be more important than the third.

(4) Narayanaswamy V. Krishnamurti

In this case the question which arose was whether the nomination paper of one C. Krishnamurthi, a junior Inspector under the Life Insurance Corporation of India who had stood for election to the Madras Legislative Assembly was rightly rejected. It was held that he was not disqualified under Article 191(1)(a) but was disqualified under Article 191(1)(e) by virtue of Regulation 29 framed by the Life Insurance Corporation under section 49 of the Life Insurance Corporation Act prohibiting its employees from standing for election to the legislatures.

The Government of India has provided capital for the Corporation and has large powers of supervision and control over the management. The contention was that employees of the Corporation should be deemed to be holding office of profit under the Government of India. This contention was repelled by the High Court.

The reasoning on which the decision of the Tribunal against which an appeal was preferred before the High Court was based was similar to that given by their Lordships of the Supreme Court in *Abdul Shakur V. Rikhab Chand* (5). Before the High Court it was sought to distinguish *Abdul Shakur's* case (5) on the ground that in that case Government had merely assumed control over the property of a public charity and provided for the management of the Public Trust which was not in any sense the exercise of sovereign power or the creation of a Department of State and therefore furnished no analogy to the case before the High Court where the Government had nationalised the business of Insurance by taking over the assets of companies theretofore transacting life insurance business, had by statute created for itself a monopoly in such business and had created a corporation for the transaction of what was thereby rendered a State activity. It was urged that the Life Insurance Corporation is virtually a Department of the State or a servant of Government. This contention was negatived. Their Lordships referred to *Tamlin V. Hansford* (1950 01KB 18). In that case the plaintiff was the lessee of a house which was vested in the British Transport Commission under the Transport Act of 1947. The defendant was the sub-tenant of some rooms in the House. The plaintiff sued for possession of the rooms in the occupation of the defendant, and the defendant claimed the protection of the Rent Restriction Acts. The County Court Judge held that as the title to the house was vested in the British Transport Commission it must be deemed to be owned by the Crown, and that the Crown was not bound by the Rent Acts and he made an order for possession. The question debated before the court of appeal was whether by reason of the house becoming vested in the British Transport Commission, it had become Crown property, the contrary contention, being founded on the British Transport Commission being a distinct legal entity—the Corporation—created for certain public purposes, and that by reason of the vesting of the house in such a body, it could not be treated as Crown property.

Denning L. J. who delivered the judgment observed:—

"The Transport Act, 1947, brings into being the British Transport Commission which is a statutory corporation of a kind comparatively new to English law. It has many of the qualities which belong to corporations of other kinds of which we have been accustomed. It has, for instance, defined powers which it cannot exceed, and it is directed by a group of men whose duty it is to see that those powers are properly used.

It may own property, carry on business, borrow and lend money, just as any other corporation may do, so long as it keeps, within the bounds which Parliament has set but the significant difference in this corporation is that there are no share-holders to subscribe the capital or to have any voice in its affairs. The money which the Corporation needs is not raised by the issue of shares, but by borrowing, and its borrowing is not secured by debentures, but is guaranteed by the Treasury. If it cannot repay, the loss falls on the consolidated fund of the United Kingdom: that is to say, on the tax payer. There are no shareholders to elect the Directors or to fix their remuneration....

(4) AIR 1958 Madras 342.

(5) AIR 1958 Supreme Court 52.

If it should make losses and be unable to pay its debts, its property is liable to execution, but it is not liable to be wound up at the suit of any creditor. The tax payer would, no doubt be expected to come to its rescue, before the creditors stepped in. Indeed, the tax payer is the universal guarantor of the Corporation. But for him it could not have acquired its business at all, nor could it now continue it for a single day....

The protection of the interests of all these tax payers, user and beneficiary—is entrusted by Parliament to the Minister of Transport. He is given powers over this Corporation which are as great as those possessed by a man who holds all the shares in a private company, subject however, as such the man is not, to a duty to account to parliament for his stewardship. It is the Minister who appoints the directors—the members of the Commission—and fixes their remuneration.

They must give him any information he wants, and, lest they should not prove amenable to his suggestions as to the policy they should adopt, he is given power to give them directions of a general nature in matters which appear to him to affect the national interest, as to which he is the sole judge, and they are then bound to obey.

These are great powers, but still we cannot regard the Corporation as being his agent, any more than a company is the agent of the shareholders or even of a sole shareholder. In the eye of the law the Corporation is its own master and is answerable as fully as any other person or Corporation. It is not the Crown and has none of the immunities or privileges of the Crown.

Its servants are not civil servants and its property is not Crown property. It is as much bound by acts of parliament as any of other subject of the King. It is, of course, a public authority and its purposes, no doubt, are public purposes but it is not a Government Department, nor do its powers fall within the province of Government.....

We do not find it very useful to draw the analogies from other bodies which are differently constituted and differently controlled and exist for different purposes. The Territorial Forces Association, for instance, is not concerned with commercial matter, but with the defence of the realm, which is essentially the province of Government, and it is, therefore, to be considered as agent of the Crown..... The post office is the nearest analogy.

It is, of course, concerned with commercial matters, but it is, nevertheless, a Government Department and its servants are civil servants. That is, however, an anomaly due to its history. The carriage of mail was a crown monopoly long before the Post-Master-General was incorporated. But the carriages of passengers and goods is a commercial concern which has never been the monopoly of any one and we do not think that its unification under State Control is any ground for conferring Crown privileges on it.

The only fact in this case which can be said to make the British Transport Commission a servant or agent of the Crown is the control over it which is exercised by the Minister of Transport, but there is ample authority both in this Court, and in the House of Lords for saying that such control as he exercises insufficient for the purpose.....

When Parliament intends that a new corporation should act on behalf of the Crown, it, as a rule, says so expressly, as it did in the case of the Central Local Board by the Town and Country Planning Act, 1947, which was passed on the very same day as the Transport Act, 1947.

In the absence of any such express provision the proper inference in the case, at any rate, of a commercial corporation is that it acts on its own behalf, even though it is controlled by a Government department.

In our opinion, the British Transport Commission is not a servant or agent of the Crown and its property is as much subject to Rent Registration Acts as the property of any other person".

The decision in *Tamlin V. Hannsford* (195 1 KB 180) was applied and it was held that the Life Insurance Corporation could not be treated as a department of Government or its servant or agent. It was observed:

"The object and purpose of the statute was the creation of a body autonomous in regard to its day-to-day administration and free from ministerial



control except as to broad lines of policy, and therefore outside plenary Parliamentary surveillance, save perhaps in regard to the directions given by the responsible minister under S. 21.

It was this freedom that was sought to be achieved by the creation of a separate legal entity in the form of a statutory Corporation. There was not, therefore, merely a difference in form between a department of the Government and this statutory Corporation but one in substance."

(5) Abdul Shakur V. Rikhab Chand.

The appellant was the manager of a school run by a committee of management formed under the provisions of Durgah Khwaja Sahib Act, 1955. He was appointed by the Administrator of the Durgah and was paid Rs. 100 per month. The question arose whether he was disqualified to be chosen as a member of Parliament in view of Article 102(1)(a) of the Constitution? It was contended for the respondents in that case that under sections 5 and 9 of the Durgah Khwaja Sahib Act, 1955 the Government of India had the power of appointment and removal of members of the committee of management as also the power to appoint the Administrator in consultation with the committee. Therefore the appellant was under the control and supervision of the Government and that therefore he was holding an office of profit under the Government of India. This contention was repelled and the Supreme Court pointed out the distinction between the holder of an office under the Government and the holder of an office of profit under some other authority subject to the control of Government. It was observed:

"No doubt the Committee of Durgah Endowment is to be appointed by the Government of India but it is a body corporate with perpetual successions acting within the four corners of the Act. Merely because the committee or the members of the committee are removable by the Government of India or the committee can make bye-laws prescribing the duties and powers of its employees cannot in our opinion convert the servants of the committee into holders of office of profit under the Government of India. The appellant is neither appointed by the Government of India nor is removable by the Government of India nor is he paid out of the revenues of India. The power of the Government to appoint a person to an office of profit or to continue him in that office or revoke his appointment at their discretion and payment from out of Government revenues are important factors in determining whether that person is holding an office of profit under the Government though payment from a source other than Government revenue is not always a decisive factor. But the appointment of the appellant does not come within this test.

A number of election cases reported in the Election Law Reports were cited before us but they were decided on their own facts and are of little assistance in the decision of the present case. The test of the power of dismissal by the Government or by an officer to whom such power has been delegated which was pressed in support of his case by the respondent is equally inapplicable to the facts of the present case because the appellant cannot be dismissed by the Government or by a person so authorised by the Government. He is a servant of the statutory body which in the matter of its servants acts within the powers conferred upon it by the statute.

A comparison of the different articles of the Constitution 58(2), 66(4), 102(1)(a) and 191(1)(a) dealing with membership of the State Legislatures shows in the case of members of the Legislatures unlike the case of the President and the Vice-President of the Union the disqualification arises on account of holding an office of profit under the Government of India or the Government of the States but not if such officer is under a local or any other authority under the control of these governments."

(6) M. Ramappa V. Sangappa and Others.

The question arose as to whether the holder of a village office, who has a hereditary right to it is disqualified under Article 191(1)(a) of the Constitution which is the counterpart of Article 102 in the matter of membership of the State Legislature. It was observed:—

"The statute, no doubt, gives him a right to be appointed by the Government in certain cases. Nonetheless, it is the appointment by the Government that

perfects his right to the office and makes him the officer; without such appointment he does not hold the office. The office is, therefore held by reason of the appointment by the Government and not simply because of a hereditary right to it. The fact that the Government cannot refuse to make the appointment does not alter the situation."

It was found that the holder of the village office works under the control and supervision of the Government, his remuneration is paid by the Government out of Government funds and assets, he is removable by the Government, and thus he holds his office under the Government

(7) *Guru Gobinda Basu V. Shankari Prasad*.

The appellant was appointed an auditor by the Central Government of two Government companies: (i) The Hindustan Steel Ltd., and (ii) Durgapur Projects Ltd. He was removable from office by the company in a general meeting after obtaining previous approval of the Central Government. The Comptroller and Auditor General of India exercises control over the auditor of a Government company. The Auditor General has right to give such auditor instructions in regard to any matter relating to the performance of his functions as such. The remuneration of the auditor is fixed by the Central Government though it is paid by the Company. Both the companies are hundred percent Government companies. The Comptroller and Auditor General is appointed by the President and his administrative powers are controlled by the rules made by the President of India. On these facts it was held that the appellant was disqualified under Article 102(1)(a). The following five tests were referred to before their Lordships:—

- (1) Whether Government makes the appointment to the office;
- (2) Whether Government has the right to remove or dismiss the holder of office;
- (3) Whether Government pays the remuneration;
- (4) What are the functions which the holder of the office performs and does he perform them for Government; and
- (5) Does Government exercise any control over the performance of those functions.

It was contended on behalf of the petitioner that all these tests must co-exist and each must show subordination to the Government. On behalf of the respondents it was argued that the tests are not cumulative in the sense contended for by the petitioner, and what is to be considered is the substance of the matter which must be determined by a consideration of all the factors present in a case and whether stress will be laid on one factor or the other will depend on the circumstances of each particular case.

It was observed that in *Abdul Shakur's* case (5) the facts which were held to be decisive were (a) the power of the Government to appoint a person to an office of profit or to continue him in that office or revoke his appointment at their discretion, and (b) payment from out of Government revenues, though it was pointed out that payment from a source other than Government revenues was not always a decisive factor. Further that in *Ramappa v. Sangappa* (6) the decisive test was held to be the test of appointment. It was held—

"In view of these decisions we cannot accede to the submission of Mr. Chaudhari that the several factors which enter into the determination of this question—the appointing authority, the authority vested with power to terminate the appointment, the authority which determines the remuneration, the source from which the remuneration is paid, and the authority vested with power to control the manner in which the duties of the office are discharged, and to give directions in that behalf—must all co-exist and each must show subordination to Government, and that it must necessarily follow that if one of the elements is absent, the test of a person holding an office under the Government, Central or State is not satisfied. The cases we have referred to specifically point out that the circumstance that the source from which the remuneration is paid is not from public revenue is a neutral factor—not decisive of the question. As we have said earlier whether stress will be laid on one factor or the other will depend on the facts of each case."

## (8) Kishore Chandra Deo Bhanj v. Raghunath Misra and others

The case came on an appeal from a decision of the High Court of Orissa. The High Court was of the opinion that a Sarpanch of the Gram Panchayat, though not a Government servant appointed by the Government, was none the less a person in the service of the Government as he performed many of the Government duties and was also removable by the Government and such a person came within the provisions of Section 123(7)(f) of the Representation of the People Act, 1951. The Sarpanch exercised mostly governmental functions like collection of taxes, maintenance of public accounts etc. The High Court thought that if such a person was not brought under section 123(7)(f) there would be a loss of undue influence exercised on the voters by these persons, who in the village exercised a lot of influence considering the nature of their powers and the ideas of the village people. Their Lordships drew a distinction between "servant under the Government" and "in the service of Government" on the ground that while one may serve under a Government, one may not necessarily be in the service of the Government. Under the latter expression the existence of the relationship of master and servant is necessary, the two essentials of which are—

- (i) the servant must be under the duty of rendering personal services, to the master or to others on his behalf; and
- (ii) the master must have the right to control the servant's work either personally or by another servant or agent.

It is this right of control or interference, of being entitled to tell the servant when to work (within the hours of service) or when not to work, and that work to do and how to do it (within the terms of such service), which is the dominant characteristic in this relation and marks off the servant from an independent contractor, or from one employed merely to give to his employer the fruits or results of his labour. It was found that as between the State Government and the Gram Panchayat and its Sarpanch no relationship of master and servant existed. It was observed:—

"It is true that the State Government, the District Magistrate and the Sub-divisional Magistrate have been given certain powers of control and supervision over the Gram Panchayat but those powers of control and supervision are in relation to the administrative functions of the Gram Panchayat and the Sarpanch. The Gram Panchayat is an autonomous body exercising functions conferred under the statutes. It can hardly be said that the Gram Panchayat is so functioning in the service of the Government. Its administrative functions are akin to the functions generally performed by Municipalities and District Boards. It would be a conception hitherto unknown to suppose that any Municipality or District Board was in the service of the Government merely because it exercised administrative functions and to some extent was under the control of the Government. Co-operative Societies generally are very much under the control and supervision by the State Government or one of its officers authorised in that behalf. It would be difficult to accept this suggestion that because of that a Co-operative Society and its members must be regarded as in the service of the Government.....Even if it could be said that the Gram Panchayat in the exercise of its administrative functions exercised duties in the nature of governmental duties it could not thereby be said that its Sarpanch was in the service of the Government."

As was pointed out by their Lordships of the Supreme Court in *Guru Gobinda Basu v. Shankari Prasad* (7) for holding an office of profit under the Government and there need be no relationship of master and servant between them. The above case is therefore of no help in deciding the question as to whether the Respondent was holding an Office under the Government.

Applying various tests suggested in the above decisions to the present case the result is as follows:

- (i) A perusal of the provisions of the Rajasthan Panchayat Samitis and Zilla Parishads Act, 1959 goes to show that the State Government has no hand in the appointment of a person to the Office of Pramukh. The Pramukh is elected by an electoral college consisting of persons who are themselves elected by different Electoral Colleges. He is not elected even by members of the Zilla Parishad.

Under section 46 Government can extend the term of the Zila Parishad upto a maximum of one year. If the term of the Zila Parishad is extended then the term of the Office of the Pramukh is also extended. The State Government has thus power to extend the term of the Pramukh by a year indirectly by extending the term of the Zila Parishad.

(2) The State Government cannot remove the Pramukh or take any disciplinary action against him. The Pramukh can only be removed from his Office by the Members of the Zila Parishad by passing a motion of no confidence as provided in section 49.

The State Government can however supersede the Zila Parishad under section 67 and if the Zila Parishad is so superseded then the term of Office of the Pramukh also comes to an end. The State Government can thus terminate the Office of the Pramukh indirectly by resorting to the provisions contained in section 67.

(3) It is the State Government which determines the allowances which are payable to a Pramukh by framing rules as provided under section 61.

(4) These allowances are paid out of the Zila Fund which in turn consists mostly of moneys received from the State Government.

(5) The powers and functions of the Pramukh are enumerated in section 58. He performs these functions in his capacity as Pramukh of the Zila Parishad. As the Zila Parishad itself performs only governmental functions, the functions performed by the Pramukh are also governmental in nature. It cannot however be said that he discharges his functions on behalf of the Government. He performs them in his capacity as Pramukh of the Zila Parishad in exercise of statutory powers conferred on him under the Rajasthan Panchayat Samitis and Zila Parishads Act, 1959.

(6) No power has been given to the Government to interfere with the Pramukh in the exercise of his functions under the Act or the rules framed thereunder. The Government has however been given power to exercise control over the Zila Parishad under the Act and the rules. These powers have been enumerated above in detail. If the Zila Parishad fails to perform any of its duties then the Government can direct its performance as provided under section 66A. On the failure of the Zila Parishad to comply with the direction the Government can appoint some one to perform the duty and recover expenses of the same from the Zila Parishad. It can even supersede Zila Parishad under section 67 for failing to exercise its powers for abusing them. But it cannot dictate the manner in which the Zila Parishad shall discharge a particular duty or perform a particular function.

(7) The Zila Parishad is a juristic entity distinct from the State. It cannot be regarded as a department of the State or its agent or servant.

The only decision which the learned counsel for the petitioner cited in support of the contention that the Zila Parishad is a department of the State or agent or servant of it is the case of *Narayanswamy v. Krishna Murthi* (4). Neither that decision nor the observations made in it support him. The learned judges relied on *Tamlin v. Hanssfor* (1950 1KB 18) in that case. It was held that when Parliament intends that a new Corporation should act on behalf of the Crown, it, as a rule, says so expressly, as it did in the case of the Central Local Board by the Town and Country Planning Act, 1947, which was passed on the very same day as the Transport Act, 1947. In the absence of any such express provision the proper inference in the case, at any rate, of a commercial Corporation is that it acts on its own behalf, even though it is controlled by a Government Department. The last mentioned observation was qualified by adding the words "in the case, at any rate, of a Commercial Corporation" by way of abundant caution. Learned counsel for the petitioner was unable to cite any case of a non-Commercial Corporation in which it might have been held that it was a department of the State despite the fact that the Act creating it did not expressly say so. It was observed in para 19 in that case:—

".....the test of a function on which he laid considerable emphasis appears to be equally unsafe for identifying a public Corporation as a part of the mechanism of the State. To start with, it may be mentioned, that for this purpose, Corporations created for Municipal or Local Administrations are not treated as part of the State so as to render the Corporators or those employed by the Corporations either as part of Government or as Government servants."

Merely because the Zila Parishad performs governmental functions and the State Government exercises control over it, it cannot be held that it is merely a Department of the State. Within the four corners of the Rajasthan Panchayat Samitis and Zila Parishads Act, 1959 the Zila Parishad has full power to act independently. There is no provision in this Act or the Rules framed thereunder under which the State Government can dictate to it in what manner it should discharge a particular duty or perform a particular function.

In all the decided cases which have been referred to above the test of appointment was given the greatest importance. In fact no case could be cited by the learned counsel for the petitioner in which it might have been held that an Office was held under the Government in which the Government did not have the power of appointing the incumbent. The power of the State Government to extend the term of appointment indirectly by extending the term of the Zila Parishad and the power to terminate the appointment indirectly by superseding the Zila Parishad can hardly be regarded as powers of appointment and removal of the Pramukh. Having regard to all the facts found by me above I am of the opinion that the Office of a Pramukh of a Zila Parishad in Rajasthan is not an Office under the State Government within the meaning of Article 102(1)(a) of the Constitution.

A Pramukh no doubt holds an Office under the Zila Parishad which is a Local Authority subject to the control of the State Government. He is disqualified for the Office of the President of the Union under Article 58(2) of the Constitution. He is not disqualified for being chosen as a member of Parliament or the Legislative Assembly of a State.

The next question to be considered is whether the Office of Pramukh is an Office of Profit. Any material advantage, howsoever, insignificant, will constitute Profit in the literal sense. In *Havana Subanna V. G. S. Kageerappa* (9) their Lordships of the Supreme Court took the view that remuneration of some out-of-pocket expenses should not be treated as profit. Their Lordships were dealing with the question whether the Office of the Chairman of Gubbi Taluk Development Committee was an Office of Profit. It was observed:-

"The plain meaning of the expression seems to be that an Office must be held under Government to which any pay, salary, emoluments or allowance is attached. The word 'profit' connotes the idea of pecuniary gain. If there is really a gain, its quantum or amount would not be material, but the amount of money receivable by a person in connection with the Office he holds may be material in deciding whether the Office really carries any profit. It appears from the rules that the Taluk Development Committee is constituted as a part of the scheme for reorganisation of rural development."

It is a Short or Advisory Body consisting of ten members and is presided over by a non-Official Chairman. The Chairman has no executive duties to perform which are left entirely to the Amildar of the Taluk who is the 'ex-officio' Secretary to the Committee, while a Special Revenue Inspector is to act as Assistant Secretary. The Chairman is to preside over the meetings which are to be convened by the Secretary in consultation with him and the rules provide that the Chairman will be entitled to a fee of Rs. 6 for each sitting he attends.

From the facts stated above, we think it can reasonably be inferred that the fee of Rs. 6 which the non-Official Chairman is entitled to draw for each sitting of the Committee, he attends, is not meant to be a payment by way of remuneration or profit but it is given to him as a consolidated fee for the out-of-pocket expenses which he has to incur for attending the meetings of the Committee. We do not think that it was the intention of the Government which created these Taluk Development Committees which were to be manned exclusively by non-Officials, that the Office of the Chairman or of the members should carry any profit or remuneration."

Under the Rajasthan Zila Parishad (Payment of Allowance to Members) Rules, 1961 the Pramukh is entitled to an honorarium of Rs. 300 per month. In addition to this he is entitled to draw travelling allowance for all journeys performed on Official Duty including the journey performed by him from his residence to Ajmer to the Office of Zila Parishad in Ajmer at the rates prescribed in these rules. Further he is entitled to draw Daily Allowance at Rs. 5 per day whenever he goes out of Ajmer on Official Duty in a conveyance other than a Government Vehicle and makes half at one place for more than eight hours. He is entitled to draw Daily Allowance at Rs. 5 per day even if he halts for less than eight hours outside Ajmer provided he travels by a Government Vehicle.

It will thus be seen that all the out-of-pocket expenses of the Pramukh are covered by the travelling allowance and daily allowance to which he is entitled under the rules and the Honorarium of Rs. 300 per month is a net pecuniary gain to the Pramukh from his Office. The Office of Pramukh is thus an Office of profit within the meaning of Article 102(1)(a) of the Constituency.

On behalf of the Respondent it was contended that the Honorarium of Rs. 300 per month works out to Rs. 10 per day and even if it is assumed that the Pramukh halts outside Ajmer for more than eight hours on every day of the month the maximum amount which he can make per day comes to only Rs. 15 which is such a small amount that it should be taken to cover only the out of pocket expenses of the Pramukh. I am unable to accept this contention. As I have pointed out above all the out-of-pocket expenses of the Pramukh are covered by the travelling allowance and the daily allowance to which he is entitled under the rules and the monthly Honorarium which he gets is the net gain to him from the Office. This gain must be treated as "profit".

Another contention was that the Honorarium is not attached to the Office as under the rules if the Office is held by a Member of Parliament or a Member of the Legislative Assembly then he is not entitled to any Honorarium. This argument is fallacious. All that we are concerned is as to whether the Respondent was holding an Office of "profit" when he filed his nomination paper. In other words we have to find out whether he was likely to make profit from the Office which he was holding. The answer to that question is that he was. As Pramukh he was entitled to an Honorarium of Rs. 300 per month by virtue of being a Pramukh. In his case therefore the Honorarium was attached to the Office which he was holding.

#### Issue No. 1(B)

The amount of Rs. 300 has been referred to as Honorarium in the rules. In the Act there is a provision for giving allowance to the members under section 61. In my opinion it makes no difference whether this amount is called 'salary' or 'allowance' or 'Honorarium'. All these expressions almost mean the same thing. According to Webster's Third New International Dictionary—

Salary means: 1. fixed compensation paid regularly for services;

2. (a) remuneration for service given; fee, honorarium;
- (b) reward/recompensation.

Allowance means: a sum granted as a reimbursement or bounty or as appropriate for such purposes as personal or household expenses

Honorarium means: an honorary payment of reward usually given as compensation for services on which custom or propriety forbids any fixed business price to be set.

Members of Parliament are entitled to a salary of Rs. 500 per month and a Daily Allowance at the rate of Rs. 31 per day under the Salaries and Allowances of Members of Parliament Act, 1954. In this Act the fixed amount payable monthly to Members of Parliament has been referred to as "Salary". It can also be called "allowance" honorarium, are all given as compensation for services. But the term "Compensatory Allowance" has been used in the Parliament (Prevention of disqualification) Act, 1959 in a special sense which will be dealt with under Issue No. 1(D).

#### Issue No. 1(C)

The respondent remained on leave from 18th January, 1967 to 7th April, 1967, and did not draw any Honorarium for this period. He was not entitled to draw any honorarium for leave beyond 20 days in a year under the rules. For the first 20 days of his leave he was entitled to draw Honorarium. Even if he were not entitled to draw and honorarium at the time when he filed his nomination paper that would make no difference. For he was nevertheless holding an Office of profit at that time and was accordingly disqualified for being chosen as a Member of Parliament. This legal position was not disputed by the learned counsel for the respondent.

#### Issue No. 1(D)

On behalf of the respondent it is claimed that the Office of profit falls under section 3(1) of the Parliament (Prevention of Disqualification) Act, 1959 and

Accordingly he was not disqualified for being chosen as a Member of Parliament. Section 3(1) runs as follows:—

3. Certain Offices of profit not to disqualify.—

It is hereby declared that none of the following Offices, in so far as it is an Office of profit under the Government of India or the Government of any State, shall disqualify the holder thereof for being chosen as, or for being, a Member of Parliament, namely:—

(i) the Office of Chairman, Director or Member of any statutory or non-statutory body other than any such body as is referred to in clause (h), if the holder of such Office is not entitled to any remuneration other than Compensatory Allowance.....  
Compensatory Allowance is defined under section 2(a) as follows:—  
“Compensatory Allowance” means any sum of money payable to the holder of an Office by way of Daily Allowance [such Allowance not exceeding the amount of Daily Allowance to which a Member of Parliament is entitled under the Salaries and Allowances of Members of Parliament Act, 1954 (30 of 1954)], any conveyance allowance, house rent allowance or travelling allowance for the purpose of enabling him to recoup any expenditure incurred by him in performing the functions of that Office;”

The Office of Pramukh is no doubt the Office of Chairman of a Statutory Body. But the remuneration to which the Pramukh is entitled is not confined to “Compensatory Allowance” as defined in the Act. “Compensatory Allowance” can cover only such sums as are payable by way of—

- (i) daily allowance;
- (ii) conveyance allowance.
- (iii) house rent allowance;
- (iv) travelling allowance;

The Pramukh is entitled to monthly honorarium besides travelling and daily allowance. This monthly honorarium cannot be treated as Daily Allowance. It is true that a Member of Parliament is entitled to a Daily Allowance of Rs. 31 per day and if the Pramukhs were entitled only to draw Daily Allowance upto Rs. 31 per day and not to any Monthly Allowance then he would be exempt from disqualification under the Act. But as is entitled to draw a Monthly Allowance or Honorarium he is not exempt from disqualification, under this Act.

As however I have held above that the Pramukh does not hold an Office under the Government he is not disqualified for being chosen as a Member of Parliament under Article 102(1)(a).

Issue No. 2(A)

Article 32 of the Constitution provides for readjustment of Constituencies after each census. Article 327 enables Parliament to make provision for the delimitation of Constituencies by law. Such provisions were made after the 1961 census by the Delimitation Commission Act, 1962. The Delimitation Commission which was constituted under this Act published an Order under section 10(1) Delimiting Parliamentary and Assembly Constituencies in the State of Rajasthan. This order was published in the Rajasthan Gazette. According to this Notification the Ajmer Parliamentary Constituency comprised of the following Assembly Constituencies:—

- (i) Ajmer East—(86).
- (ii) Ajmer West—(87).
- (iii) Pushkar—(88).
- (iv) Nasirabad—(98).
- (v) Beawar—(90).
- (vi) Masuda—(91).
- (vii) Kumbhalgarh—(136).
- (viii) Bhim—(137).

The first six of the above Constituencies are in Ajmer District. Kumbhalgarh and Bhim Assembly Constituencies are in Udaipur District. In the year 1962 Kumbhalgarh and Bhim Assembly Constituencies were not included in Ajmer Parliamentary Constituency. All the Assembly Constituencies included in Ajmer Parliamentary Constituency were in Ajmer District.

The contention on behalf of the petitioner is that section 10(2) of the Delimitation Commission Act, 1962 which lays down that upon the publication in the Gazette every such order shall have the force of law and shall not be called in question in any Court is void as by enacting such a provision the Parliament effaced itself. It is argued that the Parliament should have made provision in the Act making it incumbent on the Delimitation Commission to obtain the approval of Parliament before the Delimitation Order could be treated as having the force of law which could not be called in question in any Court. These contentions have no force.

In *Re: Delhi Laws Act*<sup>(10)</sup> the majority consisting of Kania C. J., Mahajan, Mukherjee and Bose JJ. held that the legislature in India whether established before or after the Constitution could, as a rule, delegate its legislative power to other bodies subject to its exercising essential legislative function which consist in laying down a policy or a rule of conduct to guide the exercise of delegated authority. Legislative policy could not be left to the discretion of the delegate but where such policy was laid down by the legislature the rest could be validly delegated.

Under section 9 of the Delimitation Commission Act, 1962 the parliament laid down the principles on the basis of which the constituencies were to be delimited. It made provision for the publication by the Commission of its proposals for delimitation of constituencies, for inviting objections and for the consideration of these objections at public sittings. It was after such consideration that the proposals were to be finalised. In these circumstances, it cannot be held that the parliament abdicated its legislative function or effaced itself.

*Issue No. 2(B).*—In view of finding on issue No. 2(a) inclusion of Kumbhalgarh and Bhim constituencies in Ajmer Parliamentary Constituency by the Delimitation Commission is valid

*Issue No. 2(C).*—As was held by their Lordships of the Supreme Court in *Meghraj, Kothari V. Delimitation Commission and others*<sup>(11)</sup> the Delimitation Commission Act, 1962 was made by Parliament in exercise of its power under Article 327 of the Constitution. Under Article 329(a) of the Constitution the validity of this law cannot be challenged in any court. It cannot be challenged in an election petition under section 90 of the Representation of the People Act, 1951 which is to be tried by the High Court. It can also not be challenged by virtue of the provisions contained in section 8(1) of the Representation of the People Act, 1950, which runs as follows:—

"8. Consolidation of delimitation orders.—(1) as soon as may be, after all the orders referred to in sub-section (5) of section 4 or in sub-section (3) of section 7 relating to the delimitation of parliamentary and Assembly constituencies have been made by Delimitation Commission or, as the case may be, the Election Commission and published in the Official Gazette, the Election Commission shall, after making such amendments as appear to it to be necessary for bringing up-to-date the description of the extent of the parliamentary and assembly constituencies as given in such orders consolidate all such orders into one single order to be known as the Delimitation of Parliamentary and Assembly Constituencies Order, 1966 and shall send authentic copies of that order to the Central Government and to the Government of such State having a Legislative Assembly; and thereupon that Order shall supersede all the orders referred to in sub-section (5) of section 4 or in sub-section (3) of section 7 and shall have the force of law and shall not be called in question in any court."

Consolidated Delimitation of parliamentary and Assembly Constituencies Order, 1966 was published by the Election Commission of India in accordance with the above provision.

*Issue No. 3.*—Polling for the Ajmer Parliamentary Constituency took place simultaneously with the polling for the Assembly Constituencies comprised in the Ajmer Parliamentary Constituency. The District Election Officer, Ajmer fixed the polling stations and appointed presiding and polling officers for them so far as assembly constituencies lying in Ajmer District were concerned. The District Election Officer Udaipur fixed the polling stations and appointed presiding and Polling Officers for them so far as Bhim and Kumbhalgarh assembly constituencies are concerned. The Returning Officers of Assembly constituencies acted as Assistant Returning Officers for the parliamentary constituency in which they were included. Two ballot papers were given to each elector, one for parliamentary constituency and the other for assembly constituency, and after they had been marked they were put in the same ballot box.

<sup>(10)</sup> AIR 1951 S.C. 332.

<sup>(11)</sup> AIR 1967 S.C. 669.



Section 13-AA, of the Representation of the People Act, 1950 provides for the appointment of a District Election officer in each District by the Election Commission in consultation with the Government of the State.

Sections 25 and 26(1) of the Representation of the People Act, 1951 run as follows:

"25. *Provision of polling stations for constituencies.*—The district election officer shall, with the previous approval of the Election Commission, provide a sufficient number of polling stations for every constituency the whole or greater part of which lies within his jurisdiction, and shall publish, in such manner as the Election Commission may direct, a list showing the polling stations so provided and the polling areas or groups of voters for which they have respectively been provided."

"26. *Appointment of presiding Officer for polling stations.*—(1) The district election officer shall appoint a presiding officer for each polling station and such polling officer of officers as he thinks necessary, but he shall not appoint any person who has been employed by or on behalf of, or has been otherwise working for, a candidate in or about the election:

Provided that if a polling officer is absent from the polling station, the presiding officer may appoint any person who is present at the polling station other than a person who has been employed by or on behalf of, or has been otherwise working for, a candidate in or about the election, to be the polling officer during the absence of the former officer, and inform the district election officer accordingly:

Provided further that nothing in this sub-section shall prevent the district election officer from appointing the same person to be the presiding officer for more than one polling station in the same premises."

Under section 25 for purposes of election to the Ajmer Parliamentary Constituency the District Election Officer of Ajmer was the competent authority to fix the polling stations and to appoint presiding officers and polling officers in the area included in Bhim and Kumbhalgarh constituencies. As has been pointed out above the presiding officers, polling officers and the polling stations at which votes for the Ajmer Parliamentary Constituency were cast in the area included in Bhim and Kumbhalgarh Assembly Constituencies were all nominated by the district election officer of Udaipur. There was thus non-compliance with the provisions of sections 25 and 26 of the Representation of the People Act, 1951.

It was however not alleged in the election petition that the result of the election was materially affected by this non-compliance. It is therefore of no consequence so far as the present election petition is concerned. In this connection I may refer to the decision of their Lordships of the Supreme Court in *Vashist Narain Sharma v. Dev Chand* <sup>(12)</sup>. In order to be able to succeed in having the election of respondent set aside on this ground the petitioner had to allege in his petition and to prove that the result of the election was materially affected by the non-compliance of the provisions of sections 25 and 26 of the Representation of the People Act, 1951. In other words he had to allege and to prove that if the polling stations in Bhim and Kumbhalgarh areas had been fixed by the District Election Officer, Ajmer and the Presiding and Polling Officers for them had been appointed by him then some candidate other than the respondent would have polled a majority of valid votes. In the absence of any allegation or proof to this effect the non-compliance of sections 25 and 26 is of no consequence whatsoever.

#### Issue No. 4

As has been pointed out above the District Election Officer, Ajmer was the District Election Officer for the Ajmer Parliamentary Constituency under section 25 of the Representation of the People Act, 1951 as the greater part of the constituency lay within his jurisdiction. He was the proper authority before whom the return of the election expenses had to be filed by the respondent under section 78 of the Representation of the People Act, 1951. As the return was filed before him no breach of section 78 was committed by the respondent.

Even if any breach of section 78 had been committed by the respondent that would be no ground for setting aside his election under section 100 of the Representation of the People Act, 1951.

## Issue No. 5

Article 84 of the Constitution *inter-alia* provides that a person shall not be qualified to be chosen to fill a seat in the Parliament unless he makes and subscribes before some person authorised in that behalf by the Election Commission an oath or affirmation according to the form set out for the purpose in the third schedule. The respondent took the oath in this form before the Returning Officer. His case is that the Returning Officer has been duly authorised in that behalf by the Election Commission by Notification No. S.O. 91, dated 2nd January, 1965, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii). This notification superseded an earlier notification dated 14th November, 1963. The material part of the notification on which dispute turns is reproduced below:—

"In pursuance of clause (a) of Article 84 of the Constitution and in supersession of its notification No. 3/130/63(1), dated 14th November, 1963, the Election Commission hereby directs:—

- (a) that a candidate for election to the House of the People by a Parliamentary Constituency shall make and subscribe oath or affirmation according to form set out for the purpose of third schedule to the Constitution before the Returning Officer or an Assistant Returning Officer for the constituency.

The argument of the learned counsel for the petitioner is that the above notification authorises a candidate for election to the House of the People to make and subscribe an oath or affirmation before the Returning Officer or an Assistant Returning Officer of the constituency but does not authorise the Returning Officer or the Assistant Returning Officer to administer an oath to him. I am of the opinion that the intention behind the notification which has expressly been issued under Article 84(a) of the Constitution is to authorise the Returning Officer as well as the Assistant Returning Officer of the Constituency to administer oath to a candidate for election to the House of the People.

The respondent was thus duly qualified to be chosen as a member of Parliament under the relevant part of Article 84(a) of the Constitution and his election is not liable to be set aside on the ground that he was disqualified under Article 84(a) of the Constitution.

## ORDER

In view of my findings on the above issues the election petition is liable to be dismissed.

I accordingly dismiss the election petition with costs.

There were ten hearings. Out of them the case was adjourned on the first three hearings at the request of the respondent to enable him to file a written statement. Under Rule 24 of the rules framed by the High Court I assess the Advocates' fees at Rs. 1050 @ Rs. 150 per hearing for the remaining seven hearings as more than one counsel appeared for the respondent.

Authenticated copies of the above judgment shall be sent forthwith to the Speaker of the Lok Sabha and the Election Commission under section 103 of the Representation of the People Act, 1951.

(Sd) JAGAT NARAIN,

[No. 82/20/67.]

## ORDERS

New Delhi, the 14th August 1967

S.O. 3314—Whereas the Election Commission is satisfied that Shri Mahendra Nath Borpatra of Bharaluva Gaon, Nawboicha, P.O. Doolahat, Assam, a contesting candidate for election to the House of the People from Lakhimpur Constituency, has failed to lodge any account of his election expenses as required by the Representation of the People Act, 1951, and the Rules made thereunder;

And whereas the said candidate even after due notice has not given any reason or justification for the failure;

Now, therefore, in pursuance of section 10A of the said Act, the Election Commission hereby declares the said Shri Mahendra Nath Borpatra to be disqualified for being chosen as, and for being, a member of either House of Parliament or of the Legislative Assembly or Legislative Council of a State for a period of three years from the date of this Order.

[No. AS-HP/13/67(31).]

*New Delhi, the 5th September 1967*

**S.O. 3315.**—Whereas Shri Balvir Singh, a contesting candidate for election to the House of the People from the Vidisha constituency, failed to lodge any account of his election expenses as required by the Representation of the People Act, 1951, and the Rules made thereunder, and was given due notice of such failure;

And whereas the Election Commission is satisfied that the account since lodged by him has not been lodged in the manner prescribed in the said Act and Rules, and he has not furnished any good reason or justification for the failure;

Now, therefore, in pursuance of section 10A of the said Act, the Election Commission hereby declares the said Shri Balvir Singh to be disqualified for being chosen as, and for being, a member of either House of Parliament or of the Legislative Assembly or Legislative Council of a State for a period of three years from the date of this order.

[No. MP-HP/29/67.]

*New Delhi, the 6th September 1967*

**S.O. 3316.**—Whereas the Election Commission is satisfied that Shri A. Kulasekaran of No. 2—Mandapam Street, Gingee, South Arcot District, Madras State a contesting candidate for election to the House of the People from 9—Tindivanam Parliamentary constituency, in the State of Madras has failed to lodge an account of his election expenses within the time and in the manner required by the Representation of the People Act, 1951, and the Rules made thereunder;

And whereas, after considering the representation made by the said candidate, the Election Commission is further satisfied that he has no good reason or justification for the failure;

Now, therefore, in pursuance of section 10A of the said Act, the Election Commission hereby declares the said Shri A. Kulasekaran to be disqualified for being chosen as, and for being, a member of either House of Parliament or of the Legislative Assembly or Legislative Council of a State for a period of three years from the date of this order.

[No. MD-HP/9/67.]

*New Delhi, the 8th September 1967*

**S.O. 3317.**—Whereas the Election Commission is satisfied that Shri Pravin Chandra Ramniklal Keshani a contesting candidate for election to the House of the People from Bombay North West constituency, has failed to lodge an account of his election expenses as required by the Representation of the People Act, 1951, and the Rules made thereunder;

And whereas, the said candidate even after due notice has not given any good reason or explanation for the failure;

Now, therefore, in pursuance of section 10A of the said Act, the Election Commission hereby declares the said Shri Pravin Chandra Ramniklal Keshani to be disqualified for being chosen as, and for being, a member of either House of Parliament or of the Legislative Assembly or Legislative Council of a State for a period of three years from the date of this Order.

[No. MT-HP/7/67.]

*New Delhi, the 11th September 1967*

**S.O. 3318.**—Whereas the Election Commission is satisfied that Shri Mahavir Prasad, Mahavir Gardens, Shiron, P.O. Raison, Kulu (Himachal Pradesh), a contesting candidate for election to the House of the People from Mahasu constituency, has failed to lodge an account of his election expenses within the time

and in the manner required by the Representation of the People Act, 1951, and the Rules made thereunder;

And whereas, after considering the representation made by the said candidate, the Election Commission is further satisfied that he has no good reason or justification for the failure;

Now, therefore, in pursuance of section 10A of the said Act, the Election Commission hereby declares the said Shri Mahavir Prasad to be disqualified for being chosen as, and for being, a member of either House of Parliament or of the Legislative Assembly or Legislative Council of a State for a period of three years from the date of this order.

[No. HP-HP/1/67.]

*New Delhi, the 13th September 1967*

**S.O. 3319.**—Whereas the Election Commission is satisfied that Shri Mai Lal Dhani Kishan Dutt, Hissar, a contesting candidate for election to the House of the People from Hissar constituency, has failed to lodge an account of his election expenses as required by the Representation of the People Act, 1951, and the Rules made thereunder;

And whereas, after considering the representation made by the said candidate, the Election Commission is further satisfied that he has no good reason or justification for the failure;

Now, therefore, in pursuance of section 10A of the said Act, the Election Commission hereby declares the said Shri Mai Lal to be disqualified for being chosen as, and for being, a member of either House of Parliament or of the Legislative Assembly or Legislative Council of a State for a period of three years from the date of this order.

[No. HN-HP/8/67.]

By Order,

K. S. RAJAGOPALAN, Secy.

#### MINISTRY OF HOME AFFAIRS

*New Delhi, the 16th September 1967*

**S.O. 3320.**—In exercise of the powers conferred by clause (1) of article 258 of the Constitution, the President, with the consent of the Government of West Bengal, hereby assigns to that Government, the functions of the Central Government in relation to any matter specified in sub-clauses (c) and (d) of clause (8) of section 2 of the Official Secrets Act, 1923 (19 of 1923), subject to the condition that notwithstanding such entrustment the said functions may also be exercised by the Central Government.

[No. 21/24/67-Poll.II.]

S. S. VARMA, Dy. Secy.

#### MINISTRY OF EXTERNAL AFFAIRS

*New Delhi, the 23rd September 1967*

**S.O. 3321.**—In continuation of para 2 of Notification No. M-II-1181(4)/67 dated the 8th August 1967, published in the Gazette of India dated the 28th August, 1967, under S.O. No. 2879, the following three members have been co-opted under clause (1) of Sub-section (1) of Section 4 of the Haj Committee Act, 1959:—

- (1) Smt Shirin S. Somjee,  
Mulchand Bhawan, II Floor,  
Balkeshwar, BOMBAY-6.
- (2) Shahzada Shabbirbhai Saheb Nuruddin,  
Al-Azhar, Saifi Mahal,  
Pawal Road, Malabar Hill,  
BOMBAY-6.

(3) Shri Mustafa Gulam Nabi Faki,  
House No. 77, Contractor Bldg.,  
Part D, 3rd Floor, Flat No. 7,  
Hughes Road,  
BOMBAY-7.

[No. M-II-1181(4)/67.]

T. T. P. ABDULLAH,

Director, Personnel & Haj Affairs.

### विदेश मंत्रालय

नई दिल्ली, 5 सितम्बर 1967

एस० ओ० 3322.-26 अगस्त 1967 के भारत राजपत्र में एस० ओ० सं० 2879 के अंतर्गत प्रकाशित अधिसूचना सं० एम II-1181(4)/67, दिनांक 8 अगस्त 1967 के पैरा 2 के क्रम में हुए समिति अधिनियम 1959 की धारा 4, उप धारा (1) के बलाज (एल) के अंतर्गत निम्नलिखित 3 सदस्य सहयोजित किये गये हैं।

1. श्रीमती श्रीरी एस० सोमजी, मूलचंद भवन, दूसरी मजिल, बालकेश्वर, बम्बई-6
2. शाहजादा खबीर भाई साहब नूरुद्दीन, कल-अजहर-मफी महल, पवाई रोड, मालाबार हिल, बम्बई-6
3. श्री मुस्तफा गुलामनबी फकी, मकान न० 77, कन्स्ट्रक्टर बिल्डिंग, भाग 'डी', नगर मजिल, फ्लैट न० 7, ह्यूजेज रोड, बम्बई-7.

[स० एम II-1181(4)/67.]

टी. टी. पी. अब्दुल्ला,  
निदेशक, जन एमहजकार्य।

### MINISTRY OF PETROLEUM AND CHEMICALS

New Delhi, the 2nd September 1967

S.O. 3323.—Whereas it appears to the Central Government that it is necessary in the public interest that for the transport of petroleum from the Gujarat Refinery, Baroda in Gujarat State to Ahmedabad in Gujarat State, pipelines should be laid by the Oil and Natural Gas Commission and that for the purpose of laying such pipelines, it is necessary to acquire the right of user in the land described in the Schedule annexed hereto;

2. Now, therefore, in exercise of the powers conferred by sub-section (1) of section 3 of the Petroleum Pipelines (Acquisition of Right of User in Land) Act, 1962 (50 of 1962) the Central Government hereby declares its intention to acquire the right of user therein.

3. Any person interested in the said land may, within 21 days from the date of this notification, object to the laying of the pipelines under the land to the competent authority at LMP Building, 4th Floor, Sayaji Ganj, Baroda in the office of the Gujarat Pipeline Project, Oil and Natural Gas Commission. Every person making such an objection shall also state specifically whether he wishes to be heard in person or by a legal practitioner.

SCHEDULE				
State Gujarat		Distt. Ahmedabad		Taluka : City
Village	S. No.	Hector	Acre	P. Acre
Chandlodi	119/2	0	12	14
	248	0	6	58
Vejalpur	1139	0	5	6
Okaf	211	0	17	26

[No. 31/41/64-Prod. Vol. 2.]

B. S. S. RAO, Under Secy.

**ERRATUM***New Delhi, the 13th September 1967*

**S.O. 3324.**—In the Corrigendum of the Government of India in the Ministry of Petroleum & Chemicals S.O. No. 450, dated the 23rd January, 1967, published in the Gazette of India, Part II Section 3 sub-section (ii), dated the 11th February, 1967.

'At Page 339 for "Survey No. 516M" read "Survey No. 616M" of village Gandhiyon.'

[No. 31(50)/63-ONG/OR.]

V. P. AGARWAL, Under Secy.

**DELHI DEVELOPMENT AUTHORITY****NOTICES***New Delhi, the 13th September 1967*

Notice under section 11 of the Delhi Development Act, 1957 (No. 61 of 1957).

**S.O. 3325.**—Notice is hereby given that:—

- The Central Government have, under sub-section (2) section 9 of the Delhi Development Act, 1957, approved the architectural elevation control in respect of Sectors 2 and 3 of the Zonal Development Plan for Zone D-1 (Connaught Place and its extension).
- A copy of the above architectural elevation control as approved may be inspected at the office of the Delhi Development Authority, Delhi Vikas Bhawan, "D" Block, Indraprastha Estate, New Delhi-1 between the hours of 11.00 A.M. and 3.00 P.M. on all working days.

[No. F. 3(160)/66-M.P.]

*New Delhi, the 14th September 1967*

Notice under Section 11 of the Delhi Development Act, 1957 (No. 61 of 1957).

**S.O. 3326.**—Notice is hereby given that:—

- The Central Government have, under sub-section (2) of Section 9 of the Delhi Development Act, 1957 (No. 61 of 1957), approved the zonal development plan for Zone D-4 (Parliament Street).
- A copy of the plan as approved may be inspected at the office of the Delhi Development Authority, Delhi Vikas Bhawan, 'D' Block, Indraprastha Estate, New Delhi-1 between the hours of 11.00 A.M. and 3.00 p.m. on all working days.

[No. F. 4(2)/63-M.P.]

B. C. SARKAR, Addl. Secy.

MINISTRY OF EDUCATION

New Delhi, the 11th September 1967

**S.O. 3327.**—In pursuance of sub-section (3) of section 31 of the Institutes of Technology Act, 1961 (59 of 1961), the Central Government hereby makes the following amendment to the notification of the Government of India in the (late) Ministry of Scientific Research and Cultural Affairs No. F. 24-5/62-T.6 dated the 9th May, 1962, as amended by notification No. F. 24-5/62-T.6 dated the 31st December, 1962, and No. F. 25-3/63-T.6 dated the 18th May, 1964, namely:—

In the said amended notifications, for the existing para 2 the following shall be substituted:—

“2. Shri G. N. Vaswani, Deputy Educational Adviser (Tech.) in the Ministry of Education, shall act as the Secretary of the Council.”

[No. F. 10/1/67-T.6.]

**S.O. 3328.**—The Lok Sabha having elected S/Shri Kartik Oraon and Suraj Bhan to be Members of the Council in pursuance of clause (k) of sub-section (2) of section 31 of the Institutes of Technology Act, 1961 (59 of 1961), the Central Government hereby makes the following amendment in the notification of the Government of India in the Ministry of Scientific Research and Cultural Affairs (now Ministry of Education) No. F. 24-5/52-T.6, dated the 9th May, 1962, namely:—

In the said notification, under the heading “V. Representatives of the Parliament,” in item (k), for the existing entries (i) and (ii), the following entries shall be substituted:—

“(i) Shri Kartik Oraon, Member, Lok Sabha, New Delhi.

(ii) Shri Suraj Bhan, Member, Lok Sabha, New Delhi.”

[No. F. 10/1/67-T.6.]

A. B. CHANDIRAMANI,

Jt. Educational Adviser (T).

शिक्षा मंत्रालय

नई दिल्ली, 11 सितम्बर, 1967

**एस० ओ० 3329.**—टेक्नोलोजी संस्थान अधिनियम 1961 (1961 का 59वां) की धारा 31 की उपधारा (3) के अनुसरण में, केन्द्रीय सरकार (भूतपूर्व) वैज्ञानिक अनुसंधान और सांस्कृतिक कार्य मंत्रालय, भारत सरकार की अधिसूचना सं० एफ० 24-5/62-टी० 6 दिनांक 31-12-1962, और सं० एफ० 25-3/63-टी० 6, दिनांक 18-5-1964, द्वारा यथासंशोधित अधिसूचना सं० एफ० 24-5/62-टी० 6, दिनांक 9-5-1962 में निम्नलिखित संशोधन करती है, अर्थात्:—

उपर्युक्त संशोधित अधिसूचनाओं में विद्यमान पैरा 2 के स्थान पर निम्नलिखित लिख दिया जाए,

“2 श्री जी० एन० वासवानी, उप शिक्षा सलाहकार (तकनीकी), शिक्षा मंत्रालय, परिषद के शिक्षा के रूप में कार्य करेंगे” ।

[सं० एफ० 10-1/67-टी० 6]

**एस० ओ० 3330.**—टेक्नोलोजी संस्थान अधिनियम, 1961 (1961 का 59वां) की धारा 31 की उपधारा (2) के खण्ड (ट) के अनुसरण में लोक सभा द्वारा सर्वश्री कान्तिक ओरांव और सूरजभान के परिषद के सदस्य चुने जाने पर, केन्द्रीय सरकार, वैज्ञानिक अनुसंधान तथा

सांस्कृतिक कार्य मंत्रालय (अथ शिक्षा मंत्रालय), भारत सरकार की अधिसूचना सं. एफ० 24-5-62-टी० 6 दिनांक 9-5-62 में निम्नलिखित नवीकरण की है, अर्थात् :—

उपर्युक्त अधिसूचना में “V-संसद के प्रतिनिधि” शीर्षक के अनुसूची 2 (2) में दिये गये प्रविष्टि (i) और (ii) के लिए, निम्नलिखित प्रविष्टियाँ लिख दी जायें :—

- “(i) श्री कालिका श्रीवास्तव,  
सदस्य, लोक सभा, नई दिल्ली ।
- (ii) श्री सुरजभान,  
सदस्य लोक सभा, नई दिल्ली ।”

[सं० एफ० 10/1/67-टी० 6]

प्र० ब० चन्दीरामाणी,  
संयुक्त शिक्षा सलाहकार ।

## MINISTRY OF HEALTH & FAMILY PLANNING

(Department of Health)

New Delhi, the 8th September 1967

**S.O. 3331.**—In pursuance of clause (d) of rule 2 of the Indian Medical Council (Election of Licentiates) Rules, 1965 published with the notification of the Government of India in the late Ministry of Health No. G.S.R. 216 dated the 5th February, 1965, the Central Government hereby appoints the following officers as “Returning Officer” and “Assistant Returning Officer” for the conduct of election of members to the Medical Council of India under clause (d) of sub-section (1) of section 3 of the Indian Medical Council Act, 1956 (102 of 1956); namely:—

1. Dr. M. J. H. Writer, Assistant Director General (PH), Directorate General Health Services, New Delhi—Returning Officer.
2. Shri K. Gangava, Deputy Assistant Director General (Stores), Directorate General of Health Services, New Delhi—Assistant Returning Officer.

[No. F. 4-3/65-MPT.]  
V. K. SAMANTROY, Under Secy.

(Department of Health)

ORDER

New Delhi, the 15th September 1967

**S.O. 3332.**—Where the Government of India in the late Ministry of Health has, by notification No. 16-23/61-MI, dated the 28th February, 1962, made in exercise of the powers conferred by sub-section (1) of section 14 of the Indian Medical Council Act, 1956 (102 of 1956), recognised the medical qualification M.B.B.S., granted by the University of Adelaide, South Australia for the purposes of the said Act;

Now, therefore, in exercise of the powers conferred by the proviso to sub-section (1) of section 14 of the Indian Medical Council Act, 1956 (102 of 1956), the Central Government hereby specifies a further period of two years with effect from the 11th August, 1966 or so long as Dr. James William McMillan, who possesses the said qualification, continues to work in the Sankeshwar Mission Hospital and Silver Jubilee Leprosy Hospital, Sankeshwar, (Belgaum District) to which he is attached for the time being for the purposes of teaching, research or charitable work, whichever is shorter, as the period to which the medical practise of the said Dr. James William McMillan, shall be limited

[No. F. 19-9/67-MPT.]  
L. K. MURTHY, Under Secy.



**MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY AFFAIRS**

(Department of Company Affairs)

New Delhi, the 12th September 1967

**S.O. 3333.**—In exercise of the powers conferred by sub-sections (1) and (2) of section 609 of the Companies Act, 1956 (1 of 1956), the Central Government hereby directs that there shall be an office at New Delhi for the purpose of the registration of companies under the said Act in the State of Haryana and appoints the Registrar of Companies, Delhi, as Registrar for the registration of companies under the said Act in the said State as well, and makes the following amendment to the notification of the Government of India in the Department of Company Affairs No. S.O. 3272 dated 31st October, 1966, namely:—

In the said notification, the words "In the State of Haryana and" and the words "In the said State, and" shall be omitted.

2. This notification shall come into force on the 3rd October, 1967.

[No. 4(25)-G/66.]

M. C. VARMA, Under Secy.

प्रायोगिक विकास एवं कम्पनी कार्य प्रशालय

### कम्पनी कार्य विभाग

दिल्ली, 12 सितम्बर, 1967

**एस० प्रो० 3334.**—कम्पनी अधिनियम 1956 (1956 का 1) का धारा 339 की उप-धारा (1) तथा (2) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए केन्द्रों पर परीक्षाएँ निर्धारित करनी हैं। क्या इससे कम्पनियों के अन्तर्गत इस्तेमाल राज्य में कम्पनियों के पञ्जीकरण से निमित्त नहीं दिल्ली में एक कार्यालय होगा, तथा कम्पा राजिक, दिल्ली, के पास राज्य में भी अपना कार्यालय के अन्तर्गत, शर्माओं से राजकीयता करने के लिये रजिस्ट्रार नियुक्त करना है, एवं भारत सरकार, कम्पनी कार्य विभाग को अधिकृत करता एस० प्रो० 3272 दिनांक 31 सितंबर, 1966 में निम्नलिखित संशोधन करती है :—

उक्त अधिगुणता में "लक्ष्मिना राज्य में तथा। शब्द एवं "जल राज्य में, तथा।" शब्द लुप्त हो जायेंगे।

2. यह प्रशिक्षण दिनांक 3 अक्टूबर 1967 से लागू होगी।

[सं० ४(२५)-जी०/६६]

एस० सी० वर्मा, अवर सचिव ।

(Department of Industrial Development)

## ORDER

New Delhi, the 7th September 1967

**S.O. 3335.**—Whereas Brig. T. B. Poduval, who was appointed as a member of the Motor Car Quality Enquiry Committee set up under the Government of India, Ministry of Industrial Development and Company Affairs S.O. No 2373 dated 11th July 1967, has resigned;

Now, therefore, in exercise of the powers conferred by Section 15 of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following amendment to the above mentioned order published at pages 1233-1234 of the Gazette of India Extraordinary in Part II Section 3, Sub-section (ii) dated the 11th July 1967 namely:—

The following entry in the said order shall be deleted:—

"2. Brig. T. B. Poduval, Officer on Special Duty, Ministry of Defence, New Delhi."

[No. F. 1(37)/67-A.E.Ind(I).]

R. V. SUBRAHMANYAN, Jt. Secy.

(Department of Industrial Development)

(Indian Standards Institution)

New Delhi, the 5th September, 1967

**S.O. 3336.**—In pursuance of sub-regulations (2) and (3) of regulation 3 of the Indian Standard Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that the Indian Standard(s), particulars of which are given in the Schedule hereto annexed have been established during the period 16 to 31 August, 1967.

THE SCHEDULE

Serial No.	No. and Title of the Indian Standard Established	No. and Title of the Indian Standard or Standards, if any, superseded by the new Indian Standard	Brief particulars
(1)	(2)	(3)	(4)
1	IS : 332-1967 Specification for chromium potassium sulphate (chrome alum) (first revision).	IS : 332-1951 Specification for chrome alum potash.	This standard prescribes the requirements and methods of test for chromium potassium sulphate for use in tanning industry and processing of photographic materials (Price Rs. 3.50).
2	IS : 1536-1967 Specification for centrifugally cast (spun) iron pressure pipes for water, gas and sewage (first revision).	IS : 1536-1960 Specification for centrifugally cast (spun) iron pressure pipes for water, gas and sewage.	This standard covers the requirements for centrifugally cast (spun) iron pipes for pressure main lines for water, gas and sewage, manufactured in metal or sand moulds (Price Rs 7.00)
3	IS : 1595-1967 Specification for enamelled round copper wire with high mechanical properties (first revision).	IS : 1595-1960 Specification for enamelled high-conductivity annealed round copper wire (synthetic enamel)	This standard covers the requirements of enamelled high conductivity annealed round copper wires with high mechanical properties of sizes 0.050 to 4.000 mm in diameter (bare) and used for winding coils of instruments, electrical machinery and apparatus (Price Rs 8.00)

(1)

(2)

(3)

(4)

- |   |  |   |
|---|--|---|
| <p>4 IS : 1852-1967 Specification for rolling and cutting tolerances for hot-rolled steel products (<i>first revision</i>).</p> | <p>IS : 1852-1962 Specification for rolling and cutting tolerances for hot-rolled steel products.</p>                            | <p>This standard lays down rolling and cutting tolerances for hot rolled structural steel beams, channels, equal and unequal leg angles, tee bars, bulb angles, angles with legs of unequal width and thickness, round and square bars (other than bars meant for fasteners), flats, plates, strips and sheets conforming to IS : 226-1962, IS : 961-1962, IS : 1977-1962, IS : 2062-1962 and relevant dimensional standards (Price Rs. 6.00)</p>   |
| <p>5 IS : 1880- 1967 Specification for Zinc oxide for electroplating.</p>   | <p>..</p>  | <p>This standard prescribes the requirements and the methods of sampling and test for zinc oxide used in electro-plating (Price Rs. 6.00)</p>   |
| <p>6 IS : 2338 (Part II)-1967 Code of practice for finishing of wood and wood-based materials Part II schedules.</p>            | <p>..</p>  | <p>This standard lays down schedules for finishing of wood and wood-based materials with paints, varnishes, polishes and other organic coatings (Price Rs. 3.50).</p>   |
| <p>7 IS : 2369-1967 Method for determination of absorbency of absorbent textile materials (<i>first revision</i>).</p>          | <p>IS : 2369-1963 Method for determination of absorbency of highly absorbent materials such as cotton gauge and cotton wool.</p> | <p>This standard prescribes a method for determination of absorbency of absorbent textile materials, such as cotton gauze and cotton wool. (Price Rs. 2.00).</p>  |
| <p>8 IS : 2598-1966 Safety code for industrial radiographic practice.</p>   | <p>..</p>  | <p>This safety standard describes the effects of radiation exposure on personnel and lays down the maximum permissible dose to ensure protection against the exposure of personnel engaged in the use of ionizing radiation in the industrial field. It further outlines in details the methods of radiation survey, site monitoring and personnel monitoring and the measures necessary for protection against radiation exposure from different sources of radiation. It also describes the medical supervision of radiation workers and lays down the responsibility of the management in ensuring safety of personnel. (Price Rs. 12.50).</p> |

(1)	(2)	(3)	(4)
9	IS : 2720 (Part XXIV)-1967 Methods of test for soils Part XXIV determination of base exchange capacity.		This standard lays down the method for the determina- tion of base (cation) ex- change capacity of soils. (Price Rs. 2.00).
10	IS : 2720 (Part XXV)-1967 Methods of test for soils Part XXV determination of silica sesquioxide ratio.	..	This standard lays down the method for determining the silica sesquioxide ratio of soils. (Price Rs. 2.50).
11	IS : 3088-1967 Method for assaying of fine grade pal- ladium.	..	This standard prescribes the method for determining the purity of fine grade palladium as laid down in IS : 3096-1965. (Price Rs. 1.50).
12	IS : 3274-1967 Specification for goose-neck ventilators —welded type.	..	This standard specifies the requirements of goose-neck ventilators. (Price Rs. 2.50)
13	IS : 3333 (Part IV) - 1967 Dimensions for petroleum industry pipe threads Part IV buttress casing threads.	...	This standard covers basic profile, dimensions and tolerances of buttress cas- ing threads used in petro- leum industry. (Price Rs. 2.50).
14	IS : 3579-1966 Methods of test for oilseeds.	..	This standard prescribes the methods of test for oilseeds including the oil bearing fruits. (Price Rs. 3.50).
15	IS : 3746-1966 Graphical symbols for coal prepara- tion plant.	..	This standard prescribes standard symbols for use in the basic process flow diagrams and others relat- ing to coal preparation plants. (Price Rs. 3.00).
16	IS : 3752-1967 Methods of test for alcoholic drinks.	..	This standard prescribes the methods of test for alco- holic drinks. (Price Rs. 7.00).
17	IS : 3840-1966 Specification for lining leathers.	..	This standard prescribes the requirements, methods of sampling and test for lin- ing leathers made from goat, sheep and calfskins and cowhides. (Price Rs. 6.00).
18	IS : 3975- 1967 Specifica- tion for mild steel wires, strips and tapes for armour- ing cables.	..	This standard covers the requirements and test for galvanized steel wire, strips and galvanized or ungalvanized tapes for armouring of cables (Price Rs 3.50).
19	IS : 4014 (Part I)-1967 Code of practice for steel tubular scaffolding Part I defini- tions and materials.	..	This code covers common definitions and general guidance in regards to selection of materials for tubular scaffoldings (Price Rs 2.50).

1	2	3	4
20	IS : 4020-1967 Methods of tests for wooden flush doors : type tests	..	<p>This standard covers methods of test for flush doors for evaluating their performance; the following tests have been covered :</p> <p>(a) Humidity tests :</p> <p>(1) Varying humidity test, and</p> <p>(2) Differential humidity test.</p> <p>Note—End-immersion test is covered as an 'acceptance test' in the specification for flush doors.</p> <p>(b) Dynamic tests :</p> <p>(1) Slamming test,</p> <p>(2) Impact indentation test, and</p> <p>(3) Shock resistance test.</p> <p>(c) Static tests :</p> <p>(1) Edge loading test;</p> <p>(2) Diagonal corner loading tests;</p> <p>(3) Flexure tests (or, single corner loading test);</p> <p>(4) Screw holding power test; and</p> <p>(5) Local planeness test</p> <p>(Price Rs 5.00)</p>
21	IS : 4046-1967 Specification for gents cotton knitted briefs	..	<p>This standard prescribes the constructional details and other particulars of gents,' cotton knitted briefs (Price Rs.3.50)</p>
22	IS : 4073-1967 Specification for fish weights	..	<p>This standard covers the shape, and dimensions of and the materials to be used for the fish (lead) weights (Price Rs 2.50)</p>
23	IS : 4102-1967 Specification for leather for shuttlecock caps	..	<p>This standard prescribes the requirements, methods of sampling and test for aluminium tanned sheep-skin intended for shuttlecock caps (Price Rs. 2.50)</p>
24	IS : 4105-1967 Specification for styrene (vinyl benzene)	..	<p>This standard prescribes the requirements and the methods of sampling and test for the material commercially known as styrene (vinyl benzene) (Price Rs. 8.00)</p>
25	IS : 4121-1967 Method of test for determination of water transmission rate by capillary action through natural building stones	..	<p>This standard lays down the procedure for determination of rate of water transmission rate by capillary action through natural building stones (Price Rs. 2.00)</p>

I	2	3	4
26	IS : 4128-1967 Specification for fireman's leather boots	..	This standard specifies the requirements, methods of sampling and test for firemen's leather boots, knee high (Wellington type) with upper of waterproof chrome leather and rubber sole (Price Rs. 5.50)
27	IS : 4134-1967 Recommended colour classification of rough diamond	..	This standard recommends a scheme to facilitate description for marketing of rough diamonds on the basis of their colour (Price Rs. 1.50)
28	IS : 4142-1967 Specification for discs	..	This standard lays down the material, dimensional and constructional requirements of two sizes of discs (Price Rs. 2.50)
29	IS : 4143-1967 Specification for carrom-draughts	..	This standard lays down the material, dimensional and constructional requirements of carrom-draughts (Price Rs. 2.50)
30	IS : 4158-1967 Specification for solid embedded type electric heating elements	..	This standard covers the general, constructional safety requirements, and the methods of tests of solid embedded type elements in cast iron or any other suitable metal performed to receive the heating spiral together with the embedding material and having maximum loading of 5 kw (Price Rs. 2.50)
31	IS : 4159-1967 Specification for mineral filled sheathed heating elements	..	This standard covers the requirements and methods for tests for mineral filled sheathed heating elements, designed to operate on voltages not exceeding 250 volts ac single phase 50 c/s or dc under the operating conditions specified by the manufacturers (Price Rs. 2.50)

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Copies of these Indian Standards are available, for sale, with the Indian Standards Institution, Manak Bhavan, 9 Bahadur Shah Zafar Marg, New Delhi-1 and also its branch offices at (i) Bombay Mutual Terrace, Sandhurst Bridge, Bombay-7, (ii) Third and Fourth Floors, 5 Chowringhee Approach, Calcutta-13, (iii) Second Floor, Sathyamurthi Bhavan, 54 General Patters Road, Madras-2 and (iv) 117/418, B, Sarvedaya Nagar, Kanpur.

*New Delhi, the 7th September 1967*

**S.O. 3337:**—In pursuance of regulation 4 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that amendment (s) to the Indian Standard(s) given in the schedule hereto annexed have been issued under the powers conferred by the sub-regulation (1) of Regulation 3 of the said Regulations.

THE SCHEDULE

Sl. No.	No. and title of the Indian Standard amended	No. and date of Gazette Notification in which the establishment of the Indian Standard was notified	No. and date of the Amendment	Brief particulars of the Amendment	Date from which the amendment shall have effect
1	2	3	4	5	6
1	IS: 1675-1960 Specification for stearic acid, technical	S.O. 341 dated 11 February, 1961	(i) No. 1 December, 1966 (ii) No. 2 August 1967	(i) Clause 4.1 and table 1 have been substituted by new ones (ii) New clauses 2.1.1, B-3 and B-4 have been added. Clause 4.1 has been amended.	Immediate effect.
2	IS: 2593-1964 Specification for flexible cables for miners, cap lamps	S.O. 4120 dated 5 December, 1964	No. 1 August 1967	(i) Clauses 3.2 and 82.5 have been amended. (ii) A new clause 9 has been added.	31 August 1967
3	IS: 3167-1965 Specification for cap copper alloy strip	S.O. 664 dated 5 March, 1966	No. 2 June 1967	Clause 7.1 has been substituted by a new one.	30 June 1967
4	IS: 3231-1965 Specification for electrical relays for power system protection	S.O. 664 dated 5 March 1966	No. 2 July 1967	A new Note number 2 has been added and the existing note numbered as Note 1.	31 July 1967
5	IS: 3801-1966 Specification for guavas	S.O. 913 dated 18 March, 1967	No. 1 June 1967	Clause 5.3 has been amended.	30 June 1967

Copies of these amendment slips are available, free of cost, with the Indian Standards Institution, Manak Bhavan, 9 Bahadur Shah Zafar Marg, New Delhi-1 and also its branch offices at (i) Bombay Mutual Terracem Sandhurst Bridge, Bombay-7, (ii) Third and Fourth Floors, Chowringhee Approach, Calcutta 13, (iii) Second Floor, Sathyamurthi Bhavan, 54 General Patters Road, Madras and (iv) 117/418 Sarvodaya Nagar, Kanpur.

New Delhi, the 8th September 1967

**S.O. 3338**—In pursuance of sub-regulation (1) of Regulation 8 of the Indian Standards Institution (Certification Marks) Regulations, 1955, as subsequently amended, the Indian Standards Institution hereby notifies that twentythree licences particulars of which are given in the Schedule hereto annexed, have been granted authorizing the licensees to use the Standard Mark.

THE SCHEDULE

Serial No.	Licence No. and Date	Period of Validity		Name and Address of the Licensee	Article/Process covered by the Licence	Relevant Indian Standard
		From	To			
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	CM/L-1484, 1-8-1967.	1-8-67	31-7-68	M/s. Tata Fison Industries Ltd., 431/4 Panchpakhandi Village, Balrajeshwar Road, Mulund, Bombay-80 having their office at Ralli House, 21 Ravelin Street, Fort, Bombay-1.	DDT dusting powders	IS : 564-1961 Specification for DDT dusting powders (revised).
2	CM/L-1485, 10-8-1967.	16-8-67	15-8-68	M/s. Foods Fats & Fertilizers Ltd., Tanuku Road, Tadepalligudem, West Godavari Distt. (A.P.) hav- ing their office at 115-B, N.S.C. Bose Road, Madras-1.	Malted milk food containing cocoa powder.	IS : 2003-1962 Specification for malted milk food containin cocoa powder.
3	CM/L-1486, 10-8-1967.	16-8-67	15-8-68	M/s. Tata Fison Industries Ltd., Plot No. 94, Industrial Estate, Ambattur, Madras-58.	Copper oxychloride water disper- sible powder concentrates.	IS : 1507-1966 Specification for copper oxychloride water disper- sible powder concentrates (revised).
4	CM/L-1487, 10-8-1967.	10-8-67	9-8-68	M/s. Ashwin Industries, Samalya, Distt. Baroda.	18-litre square tins.	IS : 916-1966 Specification for 18 litre square tins (revised).
5	CM/L-1488, 10-8-1967.	16-8-67	15-8-68	M/s. Assam Bengal Veneer Indus- tries, Pvt. Ltd., 32 Canal South Road, Calcutta-15 having their office at 9 Clive Row, Cal- cutta-1.	Tea-Chest metal fittings.	IS : 10-1964 Specification for plywood tea-chests (second re- vision).
6	CM/L-1489, 14-8-1967.	16-8-67	15-8-68	M/s. Krishna Miners & Traders, 12 Industrial Area, Jaipur West (Rajasthan).	BHC dusting powders.	IS : 561-1962 Specification for BHC dusting powders (second revision).



7	CM/L-1490, 16-8-1967.	16-8-67	15-8-68	M/s. Polypharm Pvt. Ltd., 29, Panchpakhadi, Opp. Castle Mills, Khanna Compound, Agra Road, Thana, Maharashtra having their office at 8 Tamarind Lane, First Floor, Spinnder Bldg., Fort, Bombay-1.	Sulphuric acid analytical reagent grade only.	IS : 266-1961 Specification for sulphuric acid ( <i>revised</i> ).
8	CM/L-1491, 16-8-1967.	16-8-67	15-8-68	M/s. Polypharm Pvt. Ltd., 29, Panchpakhadi, Opp. Castle Mills, Khanna Compound, Agra Road, Thana, Maharashtra having their office at 8 Tamarind Lane, First Floor, Spinnder Bldg., Fort, Bombay-1.	Nitric acid analytical reagent grade only.	IS : 264-1950 Specification for nitric acid.
9	CM/L-1492, 16-8-1967.	16-8-67	15-8-68	M/s. Polypharm Pvt. Ltd., 29, Panchpakhadi, Opp. Castle Mills, Khanna Compound, Agra Road, Thana, Maharashtra having their office at 8 Tamarind Lane, First Floor, Spinnder Bldg., Fort, Bombay-1.	Hydrochloric acid analytical reagent grade only.	IS : 265-1962 Specification for hydrochloric acid ( <i>revised</i> ).
10	CM/L-1493, 16-8-1967.	16-8-67	15-8-68	M/s. Entoma Insecticides & Agro-Chemicals (Kerala), A-3, Shed, Industrial Estate, Clavakot, Palghat-2, (Kerala) having their office at "Ram-Kripa", Yakkara Road, Palghat-1, (Kerala).	Endrin emulsifiable concentrates	IS : 1310-1958 Specification for endrin emulsifiable concentrates.
11	CM/L-1494, 22-8-1967.	1-9-67	31-8-68	M/s. Cement Research Corpn. Pvt. Ltd., 3 Govinda Banerjee Lane, Calcutta-33, having their office at 15 Gobinda Banerjee Lane, Calcutta-33.	Integral cement water-proofing compound.	IS : 2645-1964 Specification for integral cement water-proofing compound.
12	CM/L-1495, 22-8-1967.	1-9-67	31-8-68	M/s. Central Insecticides & Fertilizers, Saki Naka, Vihar Lake Road, Bombay-70.	Malathion water dispersible powder concentrates.	IS : 2569-1963 Specification for malathion water dispersible powder concentrates.
13	CM/L-1496, 23-8-1967.	1-9-67	31-8-68	M/s. Industrial Minerals & Chemical Co., Kurla Marol Road, Chakala, Andheri, Bombay-58 having their office at 125, Narayan Dhuru Street, Nagdevi, Bombay-3.	DDT dusting powder.	IS : 564-1961 Specification for DDT dusting powders ( <i>revised</i> ).
14	CM/L-1497, 23-8-1967.	1-9-67	31-8-68	M/s. Dhiraj Metal Works, 5, Mill Para, Rajkot-1, Gujarat.	Wrought aluminium utensils, SIC grade.	IS : 21-1959 Specification for wrought aluminium and aluminium alloys for utensils.


(1)	(2)	(3)	(4)	(5)	(6)	(7)
15	CM/L-1498, 25-8-1967.	1-9-67	31-8-68	M/s. Asian Cables Corpn. Ltd., Pokhran Road, Thana, Mahara- shtra State.	Hard-drawn stranded aluminium and steel-cored aluminium conductors for overhead power transmission purposes.	IS : 398-1961 Specification for hard-drawn stranded aluminium and steel-cored aluminium con- ductors for overhead power transmission purposes.
16	CM/L-1499, 25-8-1967.	1-9-67	31-8-68	M/s. Rajaram & Brothers (Lessees the Gwalior Maize Products Ltd.), Mhow-Neemuch Road, Mand- saur (M.P.).	Maize starch for use in the cotton textile industry.	IS : 1184-1957 Specification for maize starch for use in the cot- ton textile industry.
17	CM/L-1500, 25-8-67.	1-9-67	31-8-68	M/s. Central Insecticides & Fer- tilizers, 110, Industrial Estate, Indore (M.P.).	Aldrin dusting powders.	IS : 1308-1958 Specification for aldrin dusting powders.
18	CM/L-1501, 29-8-1967.	1-9-67	31-8-68	M/s. Selective Chemicals Pvt. Ltd., Ruvapari Road, Bhavnagar (Guj- arat State) having their office at Hexamar House, Sayani Road, Bombay-28.	BHC dusting powders.	IS : 561-1962 Specification for BHC dusting powders ( <i>Second revision</i> ).
19	CM/L-1502, 30-8-1967.	30-8-67	29-8-68	M/s. New Metal Works, 56-E, Rasul Jiwa Compound, Clark Road, Jacob Circle, Bombay-11.	18-litre square tins.	IS : 916-1966 Specification for 18-litre square tins ( <i>revised</i> ).
20	CM/L-1503, 30-8-1967.	1-9-67	31-8-68	M/s. Aeron Steel Rolling Mills, Pokhran Road, Majiwada Village (Distt. Thana), having their office at 24, Baroda Street, Bom- bay-9.	Structural steel (standard qua- lity).	IS : 226-1962 Specification for structural steel (standard quality) ( <i>Third revision</i> ).
21	CM/L-1504, 30-8-1967.	1-9-67	31-8-68	M/s. Aeron Steel Rolling Mills, Pokhran Road, Majiwada Village (Distt. Thana), having their office at 24, Baroda Street, Bombay-9.	Structural steel (ordinary quality)	IS : 1977-1962 Specification for structural steel (ordinary quali- ty).
22	CM/L-1505, 31-8-1967.	1-9-67	31-8-68	M/s. Usha Martin Black (Wire Ropes) Ltd., Tatisilwai, Ranchi (Bihar).	Steel wire for the core of steel- cored aluminium conductors for overhead power trans- mission purposes.	IS : 398-1961 Specification for hard-drawn stranded aluminium and steel-cored aluminium con- ductors for over-head power transmission purposes.
23	CM/L-1506, 31-8-1967.	16-9-67	15-9-68	M/s. Deepak Pulverizers, Kolshet Road, Thana (Near Power House).	Endrin emulsifiable concentrates	IS : 1310-1958 Specification for endrin emulsifiable concentrat- es.

*New Delhi, the 12th September 1967*

**S.O. 3339.**—In pursuance of sub-rule (1) of rule 4 of the Indian Standards Institution (Certification Marks) Rules, 1955 the Indian Standards Institution hereby notifies that the Standard Mark, design of which together with the verbal description of the design and the title of the relevant Indian Standard is given in the Schedule hereto annexed, has been specified.

This Standard Mark for the purpose of the Indian Standard Institution (Certification Marks) Act, 1952 and the Rules and Regulations framed thereunder, shall come into force with effect from 16 August 1967:

THE SCHEDULE

Sl. No.	Design of the Standard Mark	Product/Class of Product	No. and Title of the Relevant Indian Standard	Verbal description of the Design of the Standard Mark
1	2	3	4	5
1.	IS:3794 	Liverpool twill (L-twill) bags	IS:3794 - 1966 Specification for Liverpool twill (L-twill) bags	The monogram of the Indian Standards Institution consisting of letters 'ISI', drawn in the exact style and relative proportions as indicated in col (2) the number designation of the Indian Standard being superscribed on the top side of the monogram as indicated in the design.

[No. MD/17:2.]

(DR.) SADGOPAL,

Deputy Director General.

MINISTRY OF TRANSPORT AND SHIPPING

(Transport Wing)

MERCHANT SHIPPING

*New Delhi, the 7th September 1967*

**S.O. 3340.**—In exercise of the powers conferred by Section 218 of the Merchant Shipping Act, 1958 (44 of 1958), read with rules 3 and 4 of the National Welfare Board for Seafarers Rules, 1963, the Central Government hereby makes the following further amendment in the Notification of the Government of India in the late Ministry of Transport and Aviation Department of Transport, Shipping and Tourism (Transport Wing) No. S.O. 1883, dated the 16th June, 1966, namely:—

In the said Notification for the existing entries against Serial No. 14, the following entries shall be substituted:—

"Labour Commissioner,  
Calcutta, West Bengal.

Representative of the  
Government of West Bengal."

[No. 14-MT(14)/65.]

*New Delhi, the 12th September 1967*

**S.O. 3341.**—In exercise of the powers conferred by Section 218 of the Merchant Shipping Act, 1958 (44 of 1958), read with rules 3 and 4 of the National Welfare Board for Seafarers Rules, 1963, the Central Government hereby makes the following further amendment in the Notification of the Government of India in late

Ministry of Transport and Aviation, Department of Transport, Shipping and Tourism (Transport Wing) No. S.O. 1883, dated the 16th June, 1966, namely:—

In the said notification for the existing entries against serial number 23, the following entries shall be substituted:—

"Deputy Conservator,  
Madras Port, Madras.

Representative of the  
Madras Port Trust."

[No. 14-MT(14)/65.]

B. B. LAL, Under Secy.

## MINISTRY OF TOURISM AND CIVIL AVIATION

(Department of Tourism)

New Delhi, the 15th September 1967

S.O. 3342.—In pursuance of sub-clause (b) of clause 2 of the Imported Tourist Cars (Control) Order, 1961 and in partial supersession of the Notification of the Government of India in the Ministry of Tourism and Civil Aviation (Department of Tourism) No. S.O. 1753, dated 20th May, 1967, the Central Government hereby appoints Shri S. K. Roy, Director General, Ministry of Tourism and Civil Aviation, Government of India, to be the Controller of Imported Tourist Cars for the purposes of the said Order, in addition to Shri S. D. Khanna.

[No. 4-TT.A.I(58)/65.]

R. C. DUTT, Secy.

## MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(Department of Labour & Employment)

New Delhi, the 11th September 1967

S.O. 3343.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Calcutta, in the matter of an application under section 33A of the said Act from Shri Ramdeb Chamar, Dresser C/o Colliery Mazdoor Sabha, Raniganj, Burdwan, which was received by the Central Government on the 1st September, 1967.

### CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL, CALCUTTA

MISC. APPLICATION No. 4 OF 1967

UNDER SEC. 33A OF I.D. ACT

(Arising out of Reference No. 86 of 1966)

#### PARTIES:

Shri Ramdeb Chamar, Dresser,  
C/o Colliery Mazdoor Sabha,  
Raniganj, Burdwan.

.... Applicant.

Vs.

The Manager,  
Ramnagar Colliery,  
P.O. Pandaveswar, Burdwan.

.... Opp. Party.

#### PRESENT:

Shri S. K. Sen, Presiding Officer.

#### APPEARANCES:

On behalf of Applicant—Shri Parimal Das Gupta, Advocate.

On behalf of Opp. Party.—Shri S. S. Mukherjee, Advocate.

STATE: West Bengal.

INDUSTRY: Coal Mining.

### AWARD

This is an application under Section 33A of the Industrial Disputes Act filed by Shri Ramdeb Chamar who used to work as a Dresser at Ramnagar Colliery. According to the applicant, he is a member of the branch of the Colliery Mazdoor Sabha at Ramnagar; the management of Ramnagar Colliery pursued a policy of crushing the branch of the Colliery Mazdoor Sabha and falsely chargesheeted the applicant on 27th June, 1966 on the allegation of attempting to sabotage the underground work by cutting or perforating the high voltage electric cable running underground from which drillers obtain the necessary power for operating drilling machine. After receiving applicant's reply denying the charge, the management held an enquiry at which the applicant was denied natural justice. The management after the enquiry passed an order of dismissal on 4th August, 1966. According to the applicant, the order was bad on merits and also was because at that time another dispute concerning the workmen of Ramnagar Colliery, namely Reference No. 86 of 1966, was pending and no application had been made to the tribunal for approval of the order of dismissal.

2. The management in its rejoinder has raised the preliminary objection that the application is barred on two grounds, firstly, because Ramdeb Chamar was not concerned in the dispute in Reference No. 86 of 1966, and secondly, because that reference case was pending at the time of Ramdeb Chamar's dismissal before the tribunal at Dhanbad and that the application under Section 33A of the Industrial Disputes Act should, therefore, have been made before Dhanbad Tribunal, and the application made before the transferee tribunal, Calcutta is incompetent. On merits, the management's case is that the order of dismissal was passed on the result of the enquiry of which the workman was given every opportunity to defend himself, and there was no victimisation on account of trade union activities.

3. As regards the first preliminary objection, Shri Parimal Das Gupta has relied on the decision 1960 I LLJ 551 (S.C.), *New India Motors Limited, New Delhi vs. K. T. Morris*. Therein, it was held that the expression "workmen concerned in such dispute" could not be limited only to such of the workmen who are directly concerned in the dispute in question but include all workmen on whose behalf the dispute has been raised as well as those who would be bound by the award which may be made in the said dispute. Shri Das Gupta has urged that the previous dispute was raised by the Colliery Mazdoor Sabha and therefore all the workmen who were member of the Colliery Mazdoor Sabha, were concerned in that dispute, and the present applicant being a member of the Colliery Mazdoor Sabha was also concerned in the previous disputes. Shri S. S. Mukherjee on behalf of the management has pointed out that the decision in *New India Motors Limited vs. K. T. Morris* has been explained by a subsequent decision of the Supreme Court, 1964 II LLJ 143, *Digwadih Colliery vs. Ramjee Singh*, where it is laid down that unless the nature of the pending dispute was ascertained and considered, it could not be said that concerned workman was a workman concerned in the pending dispute simply on the ground that there was a reference pending; and that it is necessary that the workman should satisfy the tribunal by proving the nature of the dispute pending that he is concerned therein. In that case, the pending dispute concerned a claim by Peons and Watchmen for overtime wages. The workman who filed the application under Section 33A was a clerk of Grade III. The Supreme Court held that he was not concerned in the pending dispute. In *New India Motors Limited vs. K. T. Morris*, the pending dispute was similar in nature to the dispute of the applicant K. T. Morris; K. T. Morris's dispute concerned the termination of his service and the pending dispute also concerned termination of service of several apprentices who had been employed in the company. In the present case, the applicant, Ramdeb Chamar, made no attempt to prove the nature of the dispute which was pending. In his application under Section 33A there is merely a mention of the pending reference Case No. 86 of 1966 and no attempt has been made even during the hearing to state the nature of the dispute which was the subject matter of that case and to explain how Ramdeb Chamar was concerned in that dispute. For this defect alone, the application under Section 33A is liable to fail, as held by the Supreme Court in *Digwadih Colliery vs. Ramjee Singh*. On reference to the record of Reference Case No. 86 of 1966, it appears that it concerned 2 workmen who were placed on the badli list for overstaying their leave by more than 10 days without obtaining an order for extension of their leave. The award in that case could not possibly bind other workmen. In the circumstances I must agree with Shri Mukherjee that according to the standard laid down in the latest Supreme Court case, Ramdeb Chamar was not concerned in the previous dispute and therefore his application is liable to fail.

4. As regards the second objection also, I think it must prevail. The previous dispute was referred to the Dhanbad Tribunal for adjudication by an order dated 17th February, 1966. By an order of transfer dated 6th September, 1966 that reference case was transferred to the Industrial Tribunal, Calcutta. But the order of dismissal of Ramdeb Chamar was passed on 4th August, 1966 when the Reference case was still pending before the Dhanbad Tribunal. Section 33A runs at follows, "Where an employer contravenes the provisions of Section 33 during the pendency of proceedings before a Labour Court, Tribunal or National Tribunal, any employee aggrieved by such contravention may make a complaint in writing in the prescribed matter to such Labour Court, Tribunal or National Tribunal...". The words "such Labour Court, Tribunal or National Tribunal" must refer to the Labour Court, Tribunal or National Tribunal before which the dispute was pending when the alleged contravention took place. Therefore, the application should be made to such tribunal only. In the present case it should have been made before the Dhanbad Tribunal. After the dismissal order, the case was still before the Dhanbad Tribunal for over one month and the applicant, therefore, certainly could have filed an application in time before that Tribunal. But the application was filed before the Industrial Tribunal Calcutta on 22nd May, 1967. It must be held, therefore, that the application was not made before the proper tribunal. Shri Das Gupta has urged that the wordings "such Labour Court, Tribunal or National Tribunal" should be interpreted to include the Labour Court, Tribunal or National Tribunal to which the pending case may have been transferred. But the wording of Section 33A does not admit of that interpretation. The application under Section 33A has to be filed before the Labour Court, Tribunal or National Tribunal where a proceeding was pending at the time when Section 33 was contravened by an employer. The words "such Labour Court, Tribunal or National Tribunal" cannot be interpreted to include also any Labour Court, Tribunal or National Tribunal to which the case may have been subsequently transferred.

5. On merits also, I must find that the applicant has no case. The enquiry in this case was held by Shri B. P. Verma, Welfare Officer of Ramanagar Colliery. He stated that he recorded the evidence of management's witnesses in the presence of Ramdeb and Bhagwat who was also charge-sheeted along with Ramdeb. and read out and explained the evidence and gave opportunity to the delinquents to cross examine the witnesses. He also recorded their statements and give them opportunity to produce their defence witnesses which they did not. The inquiry was held on 30th July, 1966. It is true that the workman sent by registered post a letter, Ext. 3, dated 31st July, 1966 complaining against the conduct of the enquiry officer in refusing to allow a co-worker to assist him and to examine his witnesses. But the management replied to that letter on 6th August 1966, vide Ext. C, that the allegations against the enquiring officer were not true. There is also the evidence of the enquiring officer that he never refused the workman an opportunity to bring a co-worker to help him or to produce witnesses for his defence. In fact, in the enquiry proceedings, Ex. D. the enquiring officer took the precaution of making a note signed by another independent workman that he asked Ramdeb Chamar and Bhagwat Pasi to submit a list of defence witnesses and to bring a co-worker to help them if necessary, but they stated that they did not need the help of a co-worker and had no witness to examine in their defence. This endorsement is signed by another workman, Jagnath Kah. I must hold therefore that the enquiry was properly held.

6. Shri Das Gupta has pointed out that there is a mistake in the charge-sheet in as much as the date of the misconduct is noted as "9th June, 1966" and "24th 1966". Though there is a mistake in typing out the date, it is clear that the management meant the date 24th June, 1966 and this was made clear during the enquiry when the witnesses clearly referred to the date '24th June'. The evidence was recorded in the presence of the workman and was read out and explained to him. In the circumstances, I must hold that there was no prejudice caused by the mistake contained in the charge-sheet as to the second date of misconduct. Shri Das Gupta has finally urged that there was no direct evidence that Ramdeb Chamar had been seen cutting or perforating the high voltage cable, and that the management discriminated against Ramdeb Chamar inasmuch as the co-accused Bhagwat Pasi was retained in service and not punished as the result of the enquiry. A perusal of the evidence recorded at the enquiry and of the report of the enquiry officer shows that there was no direct evidence that Ramdeb Chamar had cut or perforated the high voltage cable from which the drillers obtained their power for drilling the coal face, but there was strong circumstantial evidence that on 24th June 1966 Ramdeb Chamar had done so, whereas the evidence against Bhagwat Pasi was weak. Regarding 9th June 1966 there was very little evidence but only a surmise by the management that since

Ramdeb Chamar was concerned in thus damaging high voltage cable on 24th June 1966 he must also have been concerned in doing the same on 9th June, 1966 because on that date also the high voltage cable had been found cut or perforated and put out of action after Ramdeb Chamar and another had worked as dressers at the spot. The enquiring officer, therefore, confined his finding to 24th June, 1966 and pointed out that there was strong circumstantial evidence that on that day Ramdeb Chamar had cut or perforated the high voltage cable and attempted to sabotage the mine, but that the evidence against Bhagwat Pasi was very weak. The management also based their order on the proved misconduct of 24th June, 1966. It was also natural that in the face of the finding, the management should have given Bhagwat Pasi the benefit of doubt. This cannot be considered as discrimination.

Hence Ramdeb Chamar's application must fail on the preliminary grounds as well as on merits. The application is therefore dismissed. My award is that the action of the Management of Ramnagar Colliery in dismissing Shri Ramdeb Chamar with effect from 4th August, 1966 was justified, and the applicant workman is not entitled to any relief.

(Sd.) S. K. SEN,

Dated, Calcutta

Presiding Officer.

29th August, 1967.

[No. 6/118/65-LRII.]

**S.O. 3344.**—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Calcutta, in the matter of an application under section 33A of the said Act from Shri Kirti Singh, C/o Colliery Mazdoor Sabha, Post Office Raniganj, District Burdwan, which was received by the Central Government on the 1st September, 1967.

#### CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL, CALCUTTA.

MISC. APPLICATION NO. 7 OF 1967

UNDER SEC. 33A OF I.D. ACT.

(Arising out of Reference No. 95 of 1966)

#### PARTIES:

Shri Kirti Singh, C/o. Colliery Mazdoor Sabha, P.O. Raniganj, Dist. Burdwan—*Applicant.*

*Vs.*

The Manager, Kendra Colliery, P.O. Pandaveswar, Dist. Burdwan.—*Opposite Party.*

#### PRESENT:

Shri S. K. Sen—*Presiding Officer.*

#### APPEARANCES:

*On behalf of Applicant.*—Shri Parimal Das Gupta, Advocate.

*On behalf of Opposite Party.*—Shri S. S. Mukherjee, Advocate.

STATE: West Bengal.

INDUSTRY: Coal Mines.

#### AWARD

This is an application under Section 33A of the Industrial Disputes Act by Shri Kirti Singh previously employed as a Night Watchman at Kendra Colliery. According to Kirti Singh's case, he served for 17 or 18 years under the Samla Collieries Limited and worked as Nightguard for 14 or 15 years at Ramnagar colliery and in 1965 he was transferred to Kendra and was working there until he was charge-sheeted on 1st April 1966, and dismissed on 24th May 1966. According to the applicant, a false chargesheet was filed against him for victimising him, as his son Sadanand Singh was taking a leading part in the activities of the branch of the Colliery Mazdoor Sabha at Kendra colliery, and the applicant, Kirti Singh, when asked to make his son give up his connection with the Colliery Mazdoor Sabha, expressed his inability to do so. The misconduct alleged against Kirti Singh was that he was found sleeping on duty when posted as a Nightguard in the night of 31st March/1st April, 1966. According to the applicant, the charge was a false one and at the enquiry he was denied natural justice and therefore the order of

dismissal was bad. He claimed that the order of dismissal was also bad because at that time Reference case No. 95 of 1966 was pending and no application under Section 33(2)(b) of the Industrial Disputes Act for approval of the order of dismissal was filed by the management.

2. The management has raised preliminary objections as to the maintainability of the application under Sec. 33A, and on merits the management has claimed that the order of dismissal was passed on the result of domestic enquiry which was held fairly giving every chance to the applicant to defend himself, and there was no victimisation because of Kirti Singh's inability or unwillingness to prevent his son Sadanand Singh from taking an active part in the work of the branch of the Colliery Mazdoor Sabha at Kendra Colliery.

3. The first preliminary objection raised is that the applicant Kirti Singh was not concerned in the pending dispute and that he made no attempt to show that he was concerned. It was held by the Supreme Court in 1964 II LLJ 143, *Digwadih Colliery vs. Ramjee Singh* that it is necessary that the workman should satisfy the tribunal by proving the nature of the dispute pending that he is concerned therein. In the present case the applicant, Kirti Singh, made no attempt to do so. In his evidence he made no reference to the previous pending case and in his application there is merely a mention of Reference No. 95 of 1966. In view of the Supreme Court ruling, I must agree that the application is liable to fail because the applicant has not shown that he is concerned in the dispute which was pending. It has appeared on a reference to the record of Reference Case No. 95 of 1966 that dispute concerned suspension of 3 miners who assaulted a loader when working underground. It is clear that the Nightguard whose duty is to guard at night on the surface was not concerned in that dispute. Accordingly the first objection must be sustained.

4. The second objection is that the application under Section 33A should have been filed before the Dhanbad tribunal because at the time when the order of dismissal was passed on Kirti Singh i.e. 24th May 1966, the proceedings concerning the suspension of 3 miners was pending before the Dhanbad tribunal. The dispute had been referred for adjudication by Dhanbad tribunal by an order dated 21st March 1966 and it was pending before Dhanbad tribunal until 5th September, 1966, because the order of transfer of the case to Calcutta tribunal was passed on 6th September, 1966. Section 33A provides that when an employer contravenes the provisions of Section 33 during the pendency of any proceedings before a Labour Court, Tribunal or National Tribunal, any employee aggrieved by such contravention may make a complaint to such Labour Court, Tribunal or National Tribunal. The complaint in writing under Sec. 33A must be made before the Tribunal before which the proceedings were pending. There is nothing in the wording of Sec. 33A to indicate that such an application may be filed before the Tribunal to which the case may have been subsequently transferred. In this case the order of dismissal was passed against Kirti Singh on 24th May 1966 and before the transfer of the proceedings to Calcutta, he had more than 3 months' time to file the application before Dhanbad Tribunal. He however omitted to do so and only on 22nd May 1967 he filed an application before the Tribunal at Calcutta. It must be held that the application is incompetent.

5. On merits also I must find that Kirti Singh has no case. The enquiry was held by Vishnu S. Prasad, Labour Officer, Kendra who gave evidence before the tribunal and proved the enquiry proceedings, Ext. G and the report submitted by him Ext. H. The inquiry was held on 3rd May 1966. It is true that the applicant, Kirti Singh, complained by a letter dated 4th May, 1966 sent by registered post (Ext. C) that he had not been given opportunity to call a co-worker to help him at the enquiry and to examine his defence witness. But in reply to this letter Ext. D on 11th May 1966, stating that the complaint against the enquiring officer was false but the workman was being given a further opportunity to defend himself and that he might appear with his co-worker to help him and his defence witnesses before the enquiring officer on 21st May 1966 at 3 p.m. Kirti Singh said that he did appear before the enquiring officer on any other date, but the enquiring officer has stated that on 21st May 1966 the workman did appear before him and the witnesses for the management were present on that day and they were tendered for cross examination, but the workman refused to cross examine them, and the enquiring officer recorded a note which has been marked Ext. G1. It appears that Kirti Singh stated on the day that he had already taken part in the enquiry and that the management was harassing him again after the enquiry had been completed; and that when the enquiring officer told him about the contents of the letter, dated 4th May 1966 (Ext. C), the workman replied that he had no knowledge of the complaint. The letter, Ext. C, was written by the union officials in English and the signature of Kirti Singh in Hindi was



obtained on it before sending the letter to the management. It must be held that complaint herein was without substance.

6. Shri Das Gupta has urged that the management was displeased with Kirti Singh because Kirti Singh could not or did not control his son Sadananda Singh from taking a prominent part in the working of the Laljhanda Union. In this connection, Shri Das Gupta referred to the letters Ext. 6, 7 and 8 which are replies received by the Vice-President of Colliery Mazdoor Sabha from the A.L.C.(C), Raniganj or R. L. C. (C), Dhanbad in reply to complaints sent by the Vice-President. Ext. 7 dated 28th October, 1965. It referred to the Vice-President's letter dated 1st October 1965, and enclosed a copy of letter dated 19th October 1965 received from the Agent, Samla Collieries Limited in reply to the allegations. The annexure to the letter is the copy of the letter of the Agent of Samla Collieries Limited. Therein it is denied that either Sadananda Singh or Kirti Singh was being harassed because of Sadananda's trade union activities and that whatever disciplinary action might be taken against them it would be only for proved misconduct. Ext. 8 is copy of a letter from the R. L. C. (C), Dhanbad, dated 11th November, 1965 that he would visit Kendra colliery on 24th November 1965, at 4 P.M. for enquiry into the alleged harassing of Sadananda Singh and Kirti Singh. The original letter was directed to the Agent, Samla Collieries Limited and Ext. 8 is the endorsement on a copy which was sent to the Vice-President of the Colliery Mazdoor Sabha. There is no evidence and no letter proved by the union to indicate what happened as a result of the enquiry. Ext. 6 which is a letter dated 10th January 1966 from the A. L. C. (C), Raniganj to the Vice-President, Colliery Mazdoor Sabha in which A. L. C. speaks of the assurance given by the management that Kirti Singh would be transferred as little as possible from one mine to another and that he would normally be kept at Ramnagar or Kendra only. This apparently is a reply to the allegation that Kirti Singh was frequently being transferred in order to harass him. During the evidence however it has not appeared that Kirti Singh was being transferred frequently. Kirti Singh stated that he was working at Ramnagar colliery for 14 or 15 years and in 1965 he was transferred to Kendra. There is therefore no reason to think that he was transferred frequently in order to harass him.

7. The present order of dismissal was passed on the result of the enquiry; there was direct evidence given at the enquiry that Kirti Singh who is an old man of 65 years or above was found sleeping on duty in the night of 31st March/1st April, 1966. The enquiry was also fairly held and it cannot therefore be said that Kirti Singh was victimised because of any grudge against him by the management. The union proved certain letters to show that on some previous occasion, the management had asked Kirti Singh to appear before the Chief Medical Officer of the Colliery for report about his fitness, vide Ext. 3 dated 18th September, 1965; when Kirti Singh in reply refused to appear before the Chief Medical Officer stating that he was fit vide Ext. 4 the management did not take any action. This however does not show that the management wanted to get rid of Kirti Singh on whatever plea was available. If the management had such intention they would have insisted on Kirti Singh's appearing before the Chief Medical Officer for testing his fitness. On a consideration of all the evidence I find that on merits also there is nothing to interfere with the order of dismissal passed on Kirti Singh.

Thus the application fails on the preliminary grounds as well as on merits and is dismissed. My award is that the Management, Kendra Colliery, was justified in dismissing the applicant Kirti Singh on 24th May 1966 and the applicant is not entitled to any relief.

Dated, Calcutta, the 29th August, 1967.

(Sd.) S. K. SEN,  
Presiding Officer.  
[No. 6/66/65-LRII.]

New Delhi, the 12th September 1967

S.O. 3345.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Jabalpur, in the industrial dispute between the employers in relation to the Shampur Colliery of Kamala Coal Company, Post Office Mugma, District Dhanbad and their workmen, which was received by the Central Government on the 8th September, 1967.

BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL-CUM-  
LABOUR COURT, JABALPUR.

CAMP AT ALLAHABAD

Dated August 14, 1967

PRESENT:

Sri G. C. Agarwala—*Presiding Officer.*

REFERENCE No. 124 OF 1964 (DHANBAD TRIBUNAL)

REFERENCE No. CGIT/LC(R) (59) OF 1967 (JABALPUR TRIBUNAL)

In the matter of an industrial dispute in relation to Shampur Colliery of Kamala Coal Company Post Office Mugna, District Dhanbad and their workmen.

APPEARANCES:

*For the employers—None*

*For the workmen—None.*

INDUSTRY: Coal Mine

DISTRICT: Dhanbad (Bihar)

AWARD

By Notification No. 2/117/64-LR-II dated 9th November 1964 the Ministry of Labour & Employment, Government of India, referred the following matter of dispute as stated in the schedule to the order of reference to the Central Government Industrial Tribunal, Dhanbad, for adjudication. The case remained pending before the said Tribunal from 14th November 1964 till it was transferred to this Tribunal by Notification No. 8/25/67-LR-II dated 25th April 1967.

*Matter of Dispute*

Whether the unemployment from the 18th June 1964 of Shri Jag Narain Singh, Night Guard of Kamala Coal Company's Shampur Colliery was caused by the management of the said colliery and if so, whether it was justified? If not, to what relief is he entitled?

After usual notice to parties, it was intimated that the matter was being negotiated for settlement. On 18th July 1967 a compromise petition signed on behalf of both the parties was filed, terms of which are reproduced in the annexure. Since the Union's representative was not present, a notice was sent to Union to show cause why the petition should not be accepted as a bonafide settlement of the dispute and if no objection was filed, the petition would be accepted as a genuine settlement of the dispute. In spite of notice to the Union, no objection has been filed and therefore the petition has been taken as a genuine settlement of the dispute. From the terms of the petition it appears that on payment of Rs. 357/- by the management the dispute has been settled and an award, therefore, is recorded in terms of the settlement.

Sd/- G. C. AGARWALA,  
Presiding Officer.

ANNEXURE

BEFORE THE HON'BLE PRESIDING OFFICER, INDUSTRIAL TRIBUNAL-  
CUM-LABOUR COURT (CENTRAL) AT JABALPUR:

REFERENCE No. 124 OF 1964

PARTIES:

Employers in relation to Shampur (Colliery of M/s. Kamala Coal Co. P.O. Mugma (Dhanbad).

AND

Their workmen.

*Joint Petition of Parties*

The parties aforesaid most respectfully beg to submit as under:—

(1) The matter covered by the statement has been amicably settled by mutual negotiation between the parties.

- (2) As a result of the negotiation, the management has agreed to make certain payment to the applicant which the applicant has agreed to accept in full and final settlement of all claims.
- (3) The management paid a sum of Rs. 357/- (Rs. Three hundred fifty seven only) to the workmen this day.
- (4) It is therefore, prayed that the Hon'ble Tribunal may kindly drop the proceedings.

For this act of kindness the parties shall ever pray.

Sd./- R. R. GOSWAMI,  
7-7-67.  
Proprietor,  
Shampur Colliery  
Kamala Coal Co.,  
P.O. Mugma, Dhanbad.  
For the Employer.  
Dated 7th July, 1967.

Sd./-K. K. MUKHERJEE,  
7-7-67  
General Secretary,  
Nirsha Thana Coal field & Workshop  
Worker's Union,  
P.O. Nirshachati, Dhanbad,  
For the Workmen.

#### PART OF AWARD

Sd./- G. C. AGARWALA  
Presiding Officer,  
Central Govt. Industrial Tribunal-cum-  
Labour Court, Jabalpur,  
14-8-67.  
[No. 2/117/64-LRII.]

**S.O. 3346.**—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Jabalpur, in the Industrial Dispute between the employers in relation to the Pure Kustore Colliery, Post Office Kusunda (Dhanbad) and their workmen, which was received by the Central Government on the 8th September, 1967.

#### BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL-CUM-LABOUR COURT, JABALPUR

*Dated August 10, 1967*

#### PRESENT:

Sri G. C. Agarwala—*Presiding Officer.*

REFERENCE NO. 30 OF 1964 (DHANBAD TRIBUNAL)

REFERENCE NO. CGIT/LC(R)(16)/67 (JABALPUR TRIBUNAL)

In the matter of an Industrial Dispute in relation to Pure Kustore Colliery, Post Office Kusunda, District Dhanbad (Bihar) and its workmen.

#### APPEARANCES:

*For the Employers*—S/Sri S. Mukerji, Advocate and B. Mukerjee, Chief Personnel Officer of the Company.

*For the Workmen*—Sri Raj Ballabh Prasad, Secretary and Sri Prasant Burman.

INDUSTRY: Coal Mine.

DISTRICT: Dhanbad (Bihar).

#### AWARD

By Notification No 2/28/64-LRII, dated 20th March, 1964 the Ministry of Labour and Employment referred the following matter of dispute to the Central Government Industrial Tribunal, Dhanbad, for adjudication from where it was

transferred to this Tribunal vide Notification No. 8/25/67-LRII, dated 25th April, 1967 :

### *Matter of Dispute*

Whether the termination of services of the following workmen with effect from the 30th December, 1963 by the management of Pure Kustore Colliery was justified? If not, to what relief are the workmen entitled?

- |                         |                    |
|-------------------------|--------------------|
| 1. Sheodat Chamar.      | 8. Wokil Chamar.   |
| 2. Chhotu Chamar.       | 9. Pancham Koeri.  |
| 3. Bishram Chamar.      | 10. Alku Bhar.     |
| 4. Rambachan Chamar.    | 11. Balkaran Bhar. |
| 5. Seodas Ahir (Jadav). | 12. Bachan Bhar.   |
| 6. Ramnath Kumhar       | 13. Mithu Kalwar.  |
| 7. Darshan Rajbhar.     |                    |

2. The case remained pending before the Dhanbad Tribunal from 28th March, 1964 till it was transferred to this Tribunal vide Notification dated 25th April, 1967.

3. Parties filed their statements of claim before the Dhanbad Tribunal and the workmen also filed their rejoinder before the said Tribunal. Employers, however, filed their rejoinder before this Tribunal on 9th June, 1967, at the preliminary hearing at Allahabad when on the basis of the pleadings certain issues were framed. Evidence was recorded on 21st July, 1967 at Dhanbad when parties filed certain documents. The workmen examined three witnesses S/Shri Raj Ballabh Prasad (W.W.1), Alku Rajbhar (W.W. 2) and Wokil Chamar (W.W. 3). The employers examined two witnesses, S/Shri N. C. Dutta (E.W. 1) and B. Mukerjee (E.W. 2). After arguments were concluded, the employers were required to file a comparative seniority list of all Miners in Pits No. 2 and 4 which was done on 27th July, 1967 supported by an affidavit of Sri B. Mukerjee. The workmen were required to file a counter-affidavit on the question of the accuracy of the list by 7th August, 1967 which they failed to do. The seniority list, therefore, has been treated as correct.

4. The facts leading to the dispute are that the management of Pure Kustore Colliery has been running two Pits Nos. 2 and 4, No. 2 is known as Alkuda Colliery and No. 4 as Pure Kustore Colliery. According to the management in Pit No. 4, two sections, the top and bottom, were being worked when in December, 1963 they received directions from the Coal Board to discontinue developing the bottom Section during the extraction of coal in the top section. Consequently, out of 20 galleries which are being worked 5 galleries had to be stopped. Some miners, therefore, became surplus and 25 of them including the 13 concerned workmen mentioned in the schedule to the order of reference had to be retrenched. They were all those who had not rendered one year continuous service. As such, all the 25 miners were issued individual notices on 28th December, 1963 intimating that their services would stand terminated with effect from 30th December, 1963. Four of these workmen accepted full and final settlement. Subsequently, it was intimated on behalf of the management by an application dated 30th November, 1964 that five more workmen namely, Ram Nath Kumhar (Sl. No. 6), Darshan Rajbhar (Sl. No. 7), Pancham Koeri (Sl. No. 9), Balkaran Bhar (Sl. No. 11) and Mithu Kalwar (Sl. No. 13) voluntarily accepted payment in full and final settlement of their claims and had no grievance left in the dispute. It may be mentioned that these persons also individually intimated the fact to the Tribunal out of whom Balkaran Bhar (Sl. No. 11) however, subsequently withdrew his application. For the dispute in question, it was stated that the management has had no knowledge if the workmen concerned were members of Khan Mazdoor Congress. It was further averred that the Khan Mazdoor Congress was not competent to sponsor the dispute and the dispute was not an Industrial Dispute.

5. The Union, Khan Mazdoor Congress, pleaded that they had sufficient number of workers of this colliery as their members as may as about 200 and all the concerned workmen were members of their Union prior to the date of retrenchment. The dispute, therefore, was an Industrial Dispute. It was denied that Pits No. 2 and 4 were separate mine, but they were one establishment. The seniority of both the pits, therefore, will have to be considered in applying the principle of last come first go in the matter of retrenchment. It was further pleaded that there was no justification for the retrenchment and even if 5 galleries had to be closed at the bottom section of Pit No. 4, there were other faces available both in this pit and in Pit No. 2, where these retrenched workmen could have been employed. The retrenchment of these workers was malafide with a view to victimise them for having joined this Union, Khan Mazdoor Congress, which had extended its activities to this colliery in order to protect the interest

of workers as a rival union was a pocket union of the management. Further, it was contended that the concerned workmen had put in more than one year's service and could not be retrenched them without compliance with the provisions of Sec. 25-F of I.D. Act read with Rule 76 of I.D. (Central) Rules. The retrenchment, therefore, was illegal and inoperative. It was also brought about against the provisions of the Standing Orders. The fact that some of the workers had accepted their payment subsequent to retrenchment was of no consequence and was not a compromise or settlement of the dispute. On the pleadings of the parties the following additional issues were framed :—

#### *Additional Issues*

- (i) Whether the concerned workmen were members of Khan Mazdoor Congress. Is the dispute an Industrial Dispute?
- (ii) Whether pits numbers 2 and 4 were separate mines. If not, could the employers treat each as separate for purposes of retrenchment?
- (iii) Whether the 13 concerned workmen had not put in more than one year service and were not entitled to retrenchment benefits?
- (iv) Was there sufficient justification for retrenchment? Was it mala fide and motivated for victimisation?
- (v) Has it been brought about in accordance with rules and law.
- (vi) Was termination of services brought about in accordance with the standing orders?
- (vii) Whether some of the workmen and if so, which, have compromised and settled the dispute with the employers. Its effect?

#### *Findings:*

6. *Issue No. 1.*—To prove membership of the 13 concerned workmen Sri Raj Ballabh Prasad, Secretary of the Union came in evidence as W.W. 1. He filed Counterfoil Receipt Books (Ex. W/1) to (Ex. W/9). This would show that all the concerned workmen became members of the Union on 19th November, 1963. The Counterfoil receipts are contained in these exhibits. He further stated that there were about 200 workers of this colliery who were members of his Union. The Membership Register could not be produced as it had been filed in another case before the Dhanbad Tribunal. Two of the workmen concerned Vakil Chamar and Alku Rajbhar also came in evidence and corroborated the statement about their membership anterior to the date of retrenchment. There is no controverting evidence against this. The fact that the concerned workmen were not members of the Union and the Union has no competency was not challenged during the conciliation proceeding, as would appear from the report of the Conciliation Officer. That being so, it must be held that all the concerned workmen were members of the Union at the relevant time and the Union, Khan Mazdoor Congress, was competent to sponsor the dispute. The dispute was an industrial dispute and the Tribunal has jurisdiction.

7. *Issue No. 2.*—The point that Pits No. 2 and 4 were separate establishments, being separate mines, was not seriously pressed on behalf of the management. The conciliation report shows that they were treated as one establishment. No attempt has been made before me to establish that they were separate mines and were treated as separate establishments. That being so, both the Pits shall be treated as one establishment for the purposes of retrenchment.

8. *Issue No. 3.*—In respect of the concerned workmen, it appears from the conciliation report that the management produced the seniority list of Pit Nos. 4 and 2 before the Conciliation Officer. On examining the same, he found that the concerned workmen were the junior most in the category of miners. They have also filed a list of all miners both for Pit No. 4 and 2 which have been proved by an affidavit of Sri B. Mukerjee on behalf of the management. These lists have been prepared from Form B-2 registers which have also been produced and exhibited and exhibited as Ex. E/32 to E/35. The accuracy of the lists has not been controverted on behalf of the Union in spite of opportunity allowed to do the same. From the registers and lists filed it would appear that the concerned workmen were junior most. That being so, it is held that due compliance of Sec. 25-G of the I.D. Act was rendered by the employers. The lists together with registers would further indicate that the concerned workmen had not rendered continuous service for not less than one year at the time of retrenchment which was 28th December, 1963. The service records of these workmen are also on record and are exhibits E 36 to E. 48. None of the concerned workmen had put in one year's service. It does appear that some of them were old employees

but there had been break in their service and were re-appointed. This is evident by Exts. E/17, E/18, E/19 and E/20 which show that Shiv Dut Chamar, Ram Nath Kumhar, Vokil Chamar and Pancham Kocri had absented for long periods and on their application they were reappointed from 7th January, 1963, 4th February, 1963, 17th April, 1963 and 19th March, 1963 respectively. As a matter of fact, Vokil Chamar admitted that although he joined the colliery in 1962 he went back home on leave. He, however, conveniently forgot the date when he was re-appointed on return from home. Aklu Rajbhar admitted that he was appointed on 4th February, 1963. Thus none of the concerned workmen had not put in one year service. On behalf of the Union reliance is placed on the definition of continuous service as contained in Sec. 25-F I.D. Act. Under Sub-section 2(a) it is contended that service rendered for 190 days fulfils the requirement. This argument is based on an incorrect reading of this section. The section requires that if a workman has put in one year service and has worked actually on 190 days he shall be treated to have rendered continuous service. The contention precedent for application of 190 days is that the workmen must have been in service for one year out of which 190 days may be the actual days of work for treating the same as continuous service. The first requirement that the employment should have subsisted for one year is necessary before determining the length of continuous service. Since none of the workmen had been in employment for one year, the question of working for 190 days does not arise. That being so, Sec. 25-F I.D. Act and Rule 76 of Industrial Disputes (Central) Rules are not attracted.

9. *Issue No. 4.*—From the various documents filed on behalf of the management, it appears that they had sufficient justification for developing the bottom section of Pit No. 4 with the consequent result of closing down five galleries. Ex. E/21 a letter dated 5th August, 1963 from the Inspecting Officer of the Coal Board and another letter from the Chief Inspector of Mines dated 6th July, 1963 (Ex. E/22) would show that stowing was insisted upon and depillaring was restricted. The development of the bottom section during the extraction in the top section was prohibited and therefore five galleries out of twenty had to be stopped in the bottom section. Sri N. C. Dutta (E.W. 1), Assistant Manager came in evidence for employers and stated that depillaring of top section and development of the bottom section simultaneously in Pit No. 4 was not permitted by the Mines Department. Consequently, development of five galleries in bottom section was stopped and depillaring in top section was started. Because of this, retrenchment of certain workers became necessary. He further stated that he did not know if the concerned workmen were members of Khan Mazdoor Congress. The total strength of workers was about 800 to 900 and the concerned workmen were the junior most. He also stated that the quarry was not working in 1963, when the concerned workmen were retrenched. There is no reason to doubt his testimony. According to the Union itself, the concerned workmen became members only in November and the retrenchment had to be effected in December. The management could have no means to know of their membership so soon after their having become members of the Union and particularly when no prominent part was being played by these workmen in Union activities. There is nothing on record to show that there were 70 to 80 temporary workmen in employment at the time of retrenchment. There was, therefore, sufficient justification to affect retrenchment and there was no motive of victimisation in retrenching the concerned workmen. Had it been so, the management would not have offered re-employment when the work was recommenced and there arose justification for re-employment. The issue is answered accordingly.

10. *Issue No. 5.*—Sec. 25-F and Rule 76 are not attracted and therefore there is no question of compliance with the provisions of the section and the rule. The only relevant thing which the management had to do was to comply with the provisions of Sec. 25-F namely, observance of the principle of last come first go. This they had done as has already been held under the preceding issue. It was not necessary to comply with the requirement of Sec. 25-F or Rule 76. It may be mentioned that there was no plea that Rule 77 of I.D. (Central) Rules was not observed and therefore it was not incumbent on the management to have proved affirmatively that the rule was so observed. The issue is thus answered in affirmative.

11. *Issue No. 6.*—On behalf of the management, it was alleged that in accordance with certain provisions of the Standing Orders which have not been filed or produced, they paid one week's wages to these workmen. The point is, however, immaterial. Both parties took up the stand that it was a case of retrenchment. The provisions of the Standing Order as was verbally contended related to discharge and not for retrenchment. Consequently, the provision of Standing Orders relating to discharge is not at all attracted.

12. *Issue No. 7.*—It does appear that some of the concerned workmen accepted payment as would appear from Exts E/2 to E/16. Had the retrenchment been illegal the payment received by them would not have estopped them from contending that they were wrongly retrenched as rule of estoppel has no application in industrial adjudications. The fact of payment as a compromise settlement subsequent to the reference becomes immaterial for consideration in view of my earlier findings that the retrenchment was justified and was in accordance with the provisions of Sec. 25-G of I.D. Act. It is, therefore, unnecessary to consider the implication of the fact that some of the workmen have compromised and settled the dispute by accepting full and final payment or were given re-employment for which some evidence was also tendered by both sides. It may be mentioned that an enquiry about faithful compliance of Sec. 25-G I.D. Act regarding re-employment which undoubtedly was offered on reopening of work is beyond the scope of this reference and therefore is not being considered. It is sufficient to state that the termination of employment by retrenchment of the concerned workmen was justified.

*Decision.*—The result is that the issue under reference is answered in affirmative. It is held that the termination of services by way of retrenchment of the 13 concerned workmen was justified and none of them are entitled to any relief. No order for costs.

(Sd.) G. C. AGARWALA,  
Presiding Officer.  
10-8-1967.

[No. 2/28/64-LRII.]

*New Delhi, the 14th September 1967*

**S.O. 3347.**—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Calcutta, in the industrial dispute between the employers in relation to the Bankolla Colliery, Post Office Ukhra, District Burdwan and their workmen, which was received by the Central Government on the 12th September, 1967

# CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL, CALCUTTA

REFERENCE No. 150 of 1966

## **PARTIES:**

Employers in relation to the Bankolla Colliery,

AND

Their workmen.

## **PRESENT:**

Shri S. K. Sen—*Presiding Officer.*

## **APPEARANCES:**

*On behalf of Employers*—Shri D. Narsingh, Advocate.

*On behalf of workmen*—Shri Benarsi Singh Azad, General Secretary, Khan Shramik Congress.

**STATE:** West Bengal.

**INDUSTRY:** Coal Mines.

## **AWARD**

By Order No. 6/102/66-LR.II dated 3rd December 1966, the Central Government referred for adjudication an industrial dispute between the employers in relation to the Bankolla Colliery P.O. Ukhra, Dist. Burdwan and their workmen in respect of the matter specified in the following schedule:

“Whether the action of the management of Bankolla Colliery, Post Office Ukhra in terminating the services of Shri Dhian Singh, mechanical fitter, with effect from the 30th May, 1966 was justified? If not, to what relief is the workman entitled?”

2. According to the union, the Khan Shramik Congress, Dhian Singh was appointed against a permanent vacancy under Bankolla colliery on 26th November, 1965 as a mechanical fitter and worked without any blemish: but as he

became a member of the Khan Shramik Congress and took an active part in trade union work, the management was displeased with him and by a letter dated 29th April, 1966 gave one month's notice of termination of service, the termination to become effective from 30th May 1966. Dhian Singh protested by a letter dated 7th May, 1966, but in reply he was informed by the management by a letter dated 17th May, 1966 that his services were terminated because his work was not found satisfactory. According to the union, if the workman's services were terminated for unsatisfactory work, he should have been served with a chargesheet and given an opportunity to explain the circumstances, and that termination of service without such enquiry was a violation of the rules of natural justice. The union, therefore, claimed that Dhian Singh should be reinstated in his job as mechanical fitter and given back wages.

3. According to the management, Dhian Singh was not a permanent employee but had been employed temporarily for one month in the first instance from 25th November, 1965, but he was allowed to continue in his post until by one month's notice his services were terminated with effect from 30th May, 1966. The management claimed that they were not aware whether Dhian Singh had become a member of Khan Shramik Congress or any other union and denied that the management had terminated his service because of trade union activities. In the protest letter dated 7th May, 1966, Dhian Singh had alleged that one M. K. Chakravorty appointed as Diesel Mechanic was junior to him in service and it was therefore wrong on the part of the management to retain M. K. Chakravorty but terminate his services. In the written statement filed by the union, it was merely mentioned that the management had retained a junior worker in service while terminating the service of Dhian Singh, no detail being given. The management in their written statement said that M. K. Chakravorty was appointed to a superior post as Diesel Mechanic on a monthly basic salary of Rs. 225 plus dearness allowance and was not a workman of the same category as Dhian Singh, and therefore the question of retaining a junior man could not arise; further, it was not a case of retrenchment but of termination of service under the Standing Orders of the Company. The management, therefore, claimed that the order of termination of service of Dhian Singh should be held to be justified.

4. No letter of appointment of Dhian Singh has been produced by the management but the management has produced the weekly pay sheets, Ext. C&D, for the weeks ending 4th December, 1965 and 11th December, 1965 wherein Dhian Singh's name is entered; the lists are described as "Wages sheet Temporary Section". Shri Benarasi Singh Azad appearing on behalf of the union has challenged the fact that the pay-sheets or wages-sheets relate to temporary men only, and has referred to the evidence of MW 1-S. N. Das Gupta, Senior Engineer, Bankolla Colliery, that in his department there are only 6 or 7 temporary men whereas the pay-sheets, Ext. C & D, show numerous names. Shri Das Gupta has explained this by saying that the paysheets relate not only to the engineering department but to all departments. The question however whether Dhian Singh was appointed temporarily or on a permanent basis is immaterial. Under paragraph 14 of the Standing Orders of the company, the company may terminate the services of a permanent workman who has put in less than one year's continuous service by serving one month's notice for a monthly paid worker and one week's notice for a weekly paid worker. Clause (b) of paragraph 14 provides that no notice at all is required for termination of service of a temporary or a badli workman. Since Dhian Singh was given one month's notice for termination of service, he was apparently treated as a permanent workman by the management, but he had put in less than one year's continuous service. On his own case, he was appointed with effect from 26th November 1965 and according to the management from 25th November 1965. The notice of discharge was given on 29th April, 1966 i.e. after 5 months' of service. Thus, according to the Standing Orders, the notice of termination was validly given even if Dhian Singh had been appointed on a permanent basis.

5. In the notice Ext. 1 of termination of service, it is not mentioned that work of Dhian Singh had been found unsatisfactory. That statement was made only in the letter, Ext. 2, dated 17th May 1966 in reply to Dhian Singh's letter of protest, Ext. A, dated 7th May, 1966. Shri Benarasi Singh Azad has urged that if his work was found unsatisfactory, he should have been chargesheeted and given an opportunity to explain. But where the Standing Orders of a company provide for the termination of service of a permanent workman who has not completed 12 months' continuous service, the management is entitled to terminate the services of such a workman by notice without drawing up any chargesheet or holding any enquiry. In 1967 ILLJ 718, *Benjamin v. Union of India*, the Supreme Court held that where the Government as employer have the right under



the contract of employment or under the rules, to terminate the services of an employee, the motive for termination of service is irrelevant, and even in a case where a departmental enquiry had been initiated, it is open to the Government to drop the proceedings and make an order of discharge simpliciter. Thus, even if Dhian Singh had committed any misconduct, as the Standing Orders of the Employers enabled them to terminate the services of the workman, they would be entitled to do so without holding any enquiry in respect of the misconduct. Moreover, as Shri D. Narsingh has pointed out, unsatisfactory work is not equivalent to misconduct. The termination of service was made because Dhian Singh's work as mechanical fitter was not found up to the mark, and it was made within the time limited by paragraph 14 of the Standing Orders. It was therefore a valid termination of service.

6. In view of the above finding, the question of Dhian Singh's service being terminated in preference to M. K. Chakravorty's service is immaterial. The management however has proved the letter of appointment of Shri M. K. Chakravorty, Ext. E, showing that the letter of appointment was issued to him on 12th November, 1965 i.e. before the date of appointment of Dhian Singh and further that M. K. Chakravorty was appointed as a Diesel Mechanic on the monthly basic pay of Rs. 225 plus allowances. That post was clearly superior post to that of a mechanical fitter which was the post to which Dhian Singh was appointed and in which he was drawing a weekly pay of Rs. 34.70 paise. Dhian Singh claimed that he had also worked in the beginning as a Diesel mechanic; but the management denied this and said that from the very first week of his appointment his designation appeared as mechanical fitter in the paysheet, Ext. C & D as also in the attendance register, Ext. B. Accordingly, the claim made by Dhian Singh before the tribunal that he worked at first as a Diesel Mechanic cannot be accepted. It must be held that he worked all along as a mechanical fitter and his post which was a weekly paid post was inferior to that of a Diesel Mechanic which was a monthly paid post.

7. As regards the union's case that the Management was displeased with Dhian Singh as he took an active part in the work of the union, Khan Shramik (Correspondent), no document has been produced to show that Dhian Singh took any part at all in the union work. He was a new man, not likely at once to jump into a position of leadership. His oral evidence that the Manager once threatened him for refusing to give up his connection with the union is not worthy of credit, the workman was directly under the Senior Engineer, Shri Das Gupta who stated that he was not aware whether Dhian Singh had joined any union at all. Hence this part of the union's case also fails.

8. My award, therefore, is that the management of Bankolla Colliery was justified in terminating the services of Dhian Singh, Mechanical fitter and the workman therefore is not entitled to any relief.

Calcutta;

The 1st September, 1967.

(Sd.) S. K. SEN,

Presiding Officer.

[No 6/102/66-IR II.]

**S.O. 3348.**—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Jabalpur, in the industrial dispute between the employers in relation to the Tata Iron and Steel Company Limited, Jamadoba, Post Office Jealgora, District Dhanbad and their workmen employed in 6 and 7 Pits Jamadoba Colliery and Jamadoba Power House which was received by the Central Government on the 12th September, 1967.

**BEFORE THE CENTRAL GOVT. INDUSTRIAL TRIBUNAL-CUM-LABOUR COURT, JABALPUR  
CAMP AT TELAIYA**

*Dated, August 19, 1967*

**PRESENT:**

Sri G. C. Agarwala—Presiding Officer.

REFERENCE NO. 49/64 (DHANBAD TRIBUNAL)

REFERENCE NO. CGIT/LC(R)(17)/67 (JABALPUR TRIBUNAL)

In the matter of an industrial dispute in relation to the Tata Iron and Steel Company Limited, Jamadoba, Post Office Jealgora, District Dhanbad and their

workmen, employed in 6 & 7 Pits Jamadoba Colliery & Jamadoba Power House.  
**APPEARANCES:**

*For the employers.*—Sri S. N. Singh, Asstt. Chief Personnel Officer of the Company.

*For the workmen.*—Sri P. Chanda, President, Tata Collieries Workers' Union, P.O. Jealgora, District Dhanbad.

**INDUSTRY:** Coal Mine.

**DISTRICT:** Dhanbad (Bihar).

#### AWARD

The following three issues as stated in the order of reference were referred to Central Government Industrial Tribunal, Dhanbad by Notification No. 2/10/64-LRII dated 5th May, 1964. The proceedings remained pending before the said Tribunal from 11th May, 1964 till transferred to this Tribunal by Notification No. 8/25/67-LRII dated 25th April, 1967:

#### Issues

- (i) Whether the dismissal of Sarvashri Rameswar Ram, H. E. Khalasi, Ramdhani Rajaor, Light Tyndal, Kali Rajwar, Fitter helper of Jamadoba Power House of M/s. Tata Iron and Steel Company Limited, P.O. Jealgora, District Dhanbad, with effect from 27th November, 1963 was justified? If not, to what relief are the workmen entitled?
- (ii) Whether the suspension of Shri Ramdas Rajaor, Hookman of Jamadoba Power House of Messrs Tata Iron and Steel Company Limited, with effect from the 23rd November, 1963 as justified? If not, to what relief is the workman entitled?
- (iii) Whether the suspension of Sarvashri Sumintar Singh, underground trammer and Kailu Turi, miner of 6 & 7 pits Jamadoba Colliery of Messrs Tata Iron and Steel Company Limited, P.O. Jealgora, with effect from the 16th August, 1963 was justified? If not, to what relief are the workmen entitled?

2. The parties filed their written statements before the Dhanbad Tribunal. Parties were required to file rejoinder on notices issued by this Tribunal but they did not do so with the result that the hearing commenced and evidence was recorded on 17th August, 1967, after which arguments were heard.

3. Before the commencement of the hearing on behalf of the Union, Tata Collieries Workers' Union, it was intimated that issues 2 & 3 would not be pressed and were given up. The controversy, therefore, remain with regard to the three workmen S/Sri Rameshwar Ram, Ramdhani Rajaor & Kali Rajwar, who were dismissed by an order of the management dated 27th November, 1963. It may be mentioned that at the time of dismissal there was an industrial dispute pending before the Dhanbad Tribunal No. 42 of 1963 and therefore the management applied for approval of the action of punishment under sec. 33(2)(b) I.D. Act. The three concerned workmen also filed separate applications before the same Tribunal under Sec. 33-A I.D. Act for breach of Sec. 33(2)(b). These applications remained pending before the Dhanbad Tribunal and were disposed of by an order dated 25th January, 1965, a certified copy of which has been filed on behalf of the workmen and is Ex. W.13. The said Tribunal dismissed the applications both of the management for approval and of the workmen under Sec.33-A on the ground that this main reference has already been referred for adjudication concerning the same dispute and therefore the entire question would be at large in the present reference. This question, therefore, that whether the management failed to take approval during the pendency of another industrial dispute has become redundant.

4. The facts are within a narrow compass. Near the Pits No. 6 & 7 some workers of the collieries had set up temporary huts for their residence some years ago. According to the management, they were only 30—35 whereas according to the workmen the number of such huts were many more, about 150, and that some of the huts were of contract labourers also. Thus the workers had to do as they could not be provided with the residential quarters by the management. It appears that Jharia Mines Board of Health, a statutory body, raised an objection to the existence of these huts and the overcrowding resulting therefrom by means of a letter dated 23rd December, 1962 and the management was required to get the unauthorised structures removed before 10th November, 1963. The management issued notices to their labourers to demolish and vacate the site and on their failure to do so they charge-sheeted some 30 workers. After a domestic enquiry, they were punished with suspension for 10 days. This Union took up

the cause of the workers and conciliation proceedings ensued. The report of the Conciliation Officer (Ex. E/2) dated August, 1963 would show that the management agreed to reinstate and pay wages for the suspension period for such of them who removed the huts or agreed to do so within the specified time. For these concerned workmen an undertaking was given that they would remove the huts within two months and the management, therefore, agreed to pay them the wages of the suspension period in respect of the punishment for violation to comply with the order. Since these concerned workmen in spite of the opportunity given to remove the huts within the period of two months as a result of an undertaking given in conciliation proceedings did not remove their huts the management again charge-sheeted the workmen by means of charge-sheets dated 10th October, 1963 (vide Charge-sheets Ex. E/3, E/4 & E/5). These workmen in reply to the charge sheets intimated that the construction were not unauthorised and they had not disobeyed any lawful or reasonable order of the company under Cl. 19(1) nor have committed any violation of the rules of Jharia Mines Board of Health so as to be covered by Cl. 19(19) of the Standing Orders. Since the other three workmen covered by issue Nos. 2 & 3 which are redundant now were also similarly charge-sheeted, a separate enquiry was held by Sri S. N. Saha, Assistant Chief Personnel Officer on 23rd October, 1963 for each. In the enquiry the management examined the Welfare Officer, Shri S. Kar, and the three concerned workmen examined themselves. The Enquiry Officer recorded a finding on 23rd October, 1963 holding them guilty of the charges and on receipt of the findings the management issued orders of dismissal on 20th November, 1963 (Ex. E/8, E/9 & E/10).

5. The case of the Union on behalf of the workmen is that the structures were not unauthorised but had been set up with the permission of Sri Sengupta, the then Engineer of the Power House some six to ten years ago. They were, therefore, not bound to remove the structures. There were many hutments and out of them those about 35 in number who were members of this Union were picked up for punishment. Others belonging to the INTUC Union which is a favourite Union of the management were not touched nor were labourers of the contractor were required to remove the huts. The extreme action of the punishment of dismissal was mala fide and was actuated by motive of victimization. It was contended that violation to remove the huts was not a contravention of any of the clauses 19(1) or 19(19) of the Standing Orders. The enquiry was assailed on the ground that it was perfunctory and lacking in bonafides, and the proceedings in the enquiry did not conform to the principles of natural justice. The management denied all the allegations and affirmed that they had been quite indulgent and gave repeated opportunities to the workmen to remove their huts. When Jharia Mines Board of Health threatened the management to prosecute them for the violation of the rules, they had to resort to this extreme action. It was contended that the enquiry was bonafide and in good faith there having been no motive to victimise the workmen. All those who had their huts were similarly served with notices and as these workmen remained adamant and did not remove the huts while others did so, there was no option left but to proceed against them and to dismiss them.

6. Taking up the first question whether the charge sheet for which the workmen have been punished is covered or not by the Standing Orders, the relevant clauses 19(1) & 19(19) are as follows (Ex. E 25):—

Cl. 19(1): Wilful insubordination or disobedience, whether alone or in combination with another or others, of any lawful or reasonable order of a superior.

Cl. 19(19): Any breach of the Indian Mines Act, or of any other Act, or of any rules or bye laws thereunder, or of standing orders.

7. On behalf of the Union, it is contended that the workmen were bound only to comply with an order which was reasonable and lawful and since they had set up the huts with the permission of the then Engineer Sri Sengupta, the order to remove the huts was not reasonable or lawful. On this question, it becomes material to examine whether they had really taken any such permission as contended on their behalf. Sri Sengupta is no more in the service of the management and left the service of the company some years ago. There is no writing of Sri Sengupta giving permission to set up huts and the only evidence in this connection is the oral statement of one of the workmen Sri Rameswar Ram (WW 1). He admitted that Sri Sengupta was only Asst. Superintendent in the Power House and was his immediate boss. Obviously he was not a departmental head. Hardly any reliance can be placed on such a bald statement of the workman that the huts had been set up with the permission of Sri Sengupta. It was for the workmen to have proved by convincing evidence that they had taken such a permission. In

the charge-sheets (Ex.E/3, E/4 & E/5) none of these workmen put up the plea that they had taken permission from S'I Sengupta. Only at the enquiry stage, they raised this plea. Even if Sri Sengupta be assumed to have given any permission expressed or implied, he was not a competent person to do so, and bind down the management for the unauthorised occupation of their land. It may be that these workmen like others had set up unauthorised structures within the knowledge of the management and the management took no action, requiring them to vacate the same. Their mere silence, however, will not operate as an estoppel or acquiescence. They allowed them to remain in possession so long they were not threatened with prosecution and when done so, they had no option but to require the workmen to remove the unauthorised structures. Jharia Mines Board of Health is a statutory body which has framed bye-laws and general orders under the Bihar & Orissa Mining Settlement Act, 1920. Clause 20A is relevant and runs as follows —

20A The owner, agent or manager or mine shall be held liable if on lands with surface rights belonging to the owner, labourers are found living in unlicensed houses built either by the labourers or by the owner, agent or manager.

With the above penal liability imposed on the management, they had no option but to resort to coercive measures so as to require their workmen to remove the unauthorised structures. The order, therefore, was obviously a reasonable and lawful one covered by Standing Orders 19(1). It was also a breach of rules and Regulation framed under a statutory Act so as to be covered by the Standing Orders Cl. 19(19).

8. It was urged on behalf of the Union that instead of imposing penalty of dismissal, it was open to management to have proceeded against these workmen for criminal trespass under Penal Code or by civil action. Such a course no doubt was opened to management but when the persons concerned were own employees, it was reasonable and lawful on their part to require them to vacate their land. For an outsider who was not their employee there could be no other course open but to proceed either under criminal law or by civil action. It was a violation of a statutory rule with which they had been threatened by a letter of Jharia Mines Board of Health dated 28th November, 1963 (Ex. E/1). There is, therefore, no merit in the contention that the defiance was not a misconduct under Sub-clauses (1) and (19) of Cl. 19 of the Standing Orders.

9. The next question to be considered is whether there was a bonafide and proper enquiry conforming to rules of natural justice. Except for stating in general terms in the written statement of the workmen that the enquiry was perfunctory and did not conform to principles of natural justice nothing was indicated how it was so. Even Sri Rameswar Rom (W.W.1) in his statement did not state anything specific about any infirmity in the domestic enquiry. When questioned by his representative, he simply stated that he could not say if statements in the enquiry were correctly recorded. The insinuation was that the statements were not read over and explained to him in Hindi. This is far from correct. The record of enquiry proceedings (Ex. E 7) would show that all the three concerned workmen signed the proceedings and there is an endorsement of the Enquiry Officer "recorded and explained in Hindi". One of them Ramdhani Rajaor expressed a desire that his statement should be explained to him in Hindi by one Sri B. B. Dutta who was present and this request was acceded to by the Enquiry Officer as is evident by an endorsement recorded to this effect. The record of enquiry shows that the enquiring officer first examined the management witness Sri S. Kar and put questions to him. He then examined each of the charge-sheeted workmen and put questions in order to clarify dubious points. The questions and answers do not disclose anything to show that they were put with a view to shatter them and bring out facts to support the case of the management by a close cross-examination. The finding is based on the evidence and admitted position that the structures existed on the land of the company and had not been removed. There is nothing to indicate lack of bonafides or perversity in the finding.

10. On the plea of victimisation there is no ground to suppose that the management was actuated by any bad faith. The first conciliation report dated August 1963 shows that the management was extremely indulgent to all those who had been charge-sheeted and vacated the order of punishment of suspension for 10 days and paid wages who removed or promised to remove the huts. Even to these workmen, on the understanding given on their behalf, the management agreed to pay them wages for the suspension period provided they removed the structures within two months. This would appear from page 5 para 11 of the

report. Again from para 17 page 6 it would appear that for all the three concerned workmen S/Shri Kali Rajwar, Ramdhani Rajaor and Rameswar Ram, the management agreed to pay wages of the suspension period, in the next wage period on the specific condition that if they failed to demolish the huts within two months, they would render themselves liable for disciplinary action. Para 18 of the report at page 7 shows that the Union representative was satisfied with the offer of the management. That undertaking may not strictly speaking be a settlement before a Conciliation Officer as defined in Sec. 2(p) of the Industrial Disputes Act. At any rate, it was an undertaking which should have been honoured by the workmen. They have to thank themselves if they have chosen to reside from the undertaking. The contention that these workmen and all others about thirty workers who were members of this Union were picked up for action and not such of the workers who had also set up unauthorised structures and belong to the INTUC Union is also of no merit. From the evidence of Sri Lal Behari Mahato, management witness (E.W. 1) there were 30 to 35 huts which were unauthorised and all were served with notices to demolish the same. All others except the three concerned workmen have demolished the huts. The statement of Sri Rameswar Ram (W.W. 1) that there were about 150 hutments and that no action was taken against others except 30 who were members of this Tata Collieries Workers' Union is not indicated by any other evidence except by his own statement. In support of discriminations, two instances were illustrated. One was of Dashrath who is said to have been a member of Tata Collieries Workers' Union and was similarly charge-sheeted and dismissed. It is said that as soon as he became member of INTUC Union he was re-employed. In support of this, management's letter Ex. W/8 dated 16th August 1963 was filed to show that the dismissal order dated 5th August 1963 was cancelled. The conciliation report (Ex. E/2) shows that while conciliation proceedings were going on, Dashrath was a member of this Tata Collieries Workers' Union in August, 1963. It follows, therefore that he was reinstated while he was member of this Union and his case was being championed in conciliation. There is, therefore, no substance in this contention. Another case is illustrated by the example of one Chulai Mundal who was suspended by an order dated 28th December 1962 and by a subsequent order dated 2nd January 1963, this was withheld for four weeks (Ex. W/9 & W/10). These papers do not indicate anything. There is no question of victimisation or *malafide* when the workmen concerned admittedly did not remove the unauthorised structures when called upon to do so, in spite of the indulgence shown by the management by giving them further two months time and the conciliatory attitude shown by them in vacating the punishment of suspension and paying wages to the workmen. They have to thank themselves for the evil consequences visited as a result of their defiance.

#### Decision:

1. The result is that these workmen S/Shri Rameswar Ram, Ramdhani Rajaor & Kali Rajwar are not entitled to any relief, their dismissal having been justified. The issue is answered accordingly.

2. For issues No. 2 & 3, they having not been pressed by the Union, are answered against the workmen and it is held that the suspension of the concerned workmen was justified.

3. No order for costs.

(Sd.) G. C. AGARWALA,

Presiding Officer,  
Central Industrial Tribunal-cum-Labour  
Court, Jabalpur.  
19-8-67.

[No. 2/10/64-LRII.]

#### ORDERS

New Delhi, the 11th September 1967

S.O. 3349.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Kenduadih Colliery No. 1/12 and 2/12 Inclines of Messrs East Indian Coal Company Limited, Post Office Kusunda, District Dhanbad of which Messrs G. S. Atwal and Company (Assanoli) are the Raising and Selling Agents, and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

#### SCHEDULE

Whether the action of the management of Kenduadith Colliery No. 1/12 and 2/12 Inclines of M/s. East Indian Coal Co. Ltd., Post Office Kusunda, District Dhanbad of which Messrs G. S. Atwal and Company (Asansol) are the Raising and Selling Agents, in refusing employment to Shri Tahir Khan, Night Guard/Chapراسى, with effect from the 5th November, 1966 was justified? If not, to what relief is the workman entitled?

[No. 2/96/67-LRII.]

*New Delhi, the 13th September 1967*

**S.O. 3350.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Lodna Colliery, Post Office Jharia, District Dhanbad (Bihar) of Messrs Lodna Colliery Company (1920) Limited and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Additional Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

#### SCHEDULE

Whether the management of Lodna Colliery, Post Office Jharia, District Dhanbad (Bihar) were justified in dismissing Shri Rambadan Singh, Night Guard, from service with effect from 24th November, 1966? If not, to what relief is the workman entitled?

[No. 2/68/67-LRII.]

**S.O. 3351.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Khas Nirsha Colliery of Messrs Mohatta Bros., Post Office Nirsachatti, District Dhanbad and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Additional Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

#### SCHEDULE

Whether the management of Khas Nirsha Colliery of Messrs Mohatta Bros., Post Office Nirsachatti, District Dhanbad were justified in terminating the services of Shri Nirod Baran Roy with effect from the 13th March, 1967? If not, to what relief is the workman entitled?

[No. 2/77/67-LRII.]

*New Delhi, the 16th September 1967*

**S.O. 3352.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Kathara Colliery of National Coal Development Corporation Limited, Kathara, Post Office Kathara, District Hazaribagh and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Additional Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

#### SCHEDULE

Whether the management of Kathara Colliery of National Coal Development Corporation Limited, Post Office Kathara, is justified in terminating the services of Shri Sadhu Saran Prasad, Dumper Operator, Grade-I, of Kathara Colliery with effect from the 19th October, 1962? If not, to what relief is the workman entitled?

[No. 2/145/66-LRII.]

**S.O. 3353.**—Whereas the employers in relation to S. C. Rungta Colliery, Post Office Rungta Colliery, District Sahdol (Madhya Pradesh) and their workmen represented by the Rungta Colliery Mazdoor Sangh, Post Office Rungta Colliery, District Shadol (Madhya Pradesh) have jointly applied to the Central Government under sub-section (2) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947) for reference to a Tribunal of an industrial dispute that exists between them in respect of the matter set forth in the said application and mentioned in the Schedule hereto annexed;

And, whereas the Central Government is satisfied that the persons applying represent the majority of each party;

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Jabalpur, constituted under section 7A of the said Act.

#### SCHEDULE

In view of the provisions contained in the Payment of Bonus Act 1965 (21 of 1965), whether the workers of Messrs Rungta Colliery, Burhar (Madhya Pradesh) are entitled for bonus for the years 1964 and 1965.

[No. 8/31/67-LRII.]

BALWANT SINGH, Under Secy.

#### (Department of Labour and Employment)

*New Delhi, the 13th September 1967*

**S.O. 3354.**—Whereas the Central Government being satisfied that the public interest so required had declared by a notification made in pursuance of the provisions of the proviso to sub-clause (vi) of clause (n) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947), [being the Notification of the Government of India in the Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) No. S.O. 959, dated the 15th March, 1967], the copper mining industry, to be a public utility service for the purposes of the said Act for a period of six months from the 25th March, 1967;

And whereas the Central Government is of the opinion that public interest requires the extension of the said period by a further period of six months;

Now, therefore, in exercise of the powers conferred by the proviso to sub-clause (vi) of clause (n) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby declares the said industry to be a public utility service for the purposes of the said Act for a further period of six months from the 25th September, 1967.

[No. F 1/83/67-LR-I]

**S.O. 3355.**—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947) the Central Government hereby publishes the following award of the Kerala State Arbitration Board, Trivandrum in the dispute between the employers in relation to the Travancore Titanium Products Limited and their workmen represented by the Titanium Products Labour Union, Titanium Workers' Union and Travancore Titanium Products Employees' Union which was received by the Central Government on the 29th August, 1967.

IN THE ARBITRATION BOARD

PRESENT:

*Chairman*

1 Shri C. M. Mathew.

*Members*

2. Shri A. Karunakaran.
3. Shri K. Janardanan Pillai.
4. Mr. J. B. Soutar.
5. Sri P. Balachandra Menon.
6. Sri Prakulam Bhasi.
7. Sri C. M. Stephen.

IN THE INDUSTRIAL DISPUTE

BETWEEN

The Management of Travancore Titanium Products Ltd., Trivandrum-7.

AND

Their Workmen.

*Representatives:—*

- |  |                         |
|--|-------------------------|
| 1. The Managing Director, The Travancore Titanium Products Limited, Trivandrum-7.                    | } <i>For Management</i> |
| 2. Sri K. V. R. Shenoy, c/o M/s. Menon and Pai, Advocates, Ernakulam.                                |                         |
| 3. Shri A. Venkatachalam, General Secretary, Titanium Products Labour Union, Trivandrum.             |                         |
| 4. Sri S. Varadarajan Nair, President, Titanium Products Labour Union, Trivandrum.                   | } <i>For Workmen</i>    |
| 5. Sri K. V. Surendranath, President, Titanium Workers Union, Trivandrum.                            |                         |
| 6. Sri K. Pankajakshan, General Secretary, Travancore Titanium Products Employees Union, Trivandrum. |                         |
| 7. Sri K. Velayudhan Nair, Vice-President, Travancore Titanium Products Labour Union, Trivandrum.    |                         |

AWARD

This Industrial Dispute between the Management of the Travancore Titanium Products Limited and their workmen relates to the claims for promotion of 31 employees whose names are given below as stated in the order of reference.

*List of Persons*

1. A. Venkitachalam—W/No. 531.
2. K. Appukuttan Nair—W/No. 533.
3. K. Bhaskara Pillai—W/No. 534.
4. K. Velayudhan Nair—W/No. 538.
5. K. P. Ramachandran Nair—W/No. 552.
6. S. P. Selvadurai—W/No. 554.
7. V. Hariharan—W/No. 561.
8. S. Sukumaran Nair—W/No. 126.
9. C. C. Cherian—W/No. 203.
10. P. Krishna Pillai—W/No. 175.
11. C. Thomas John—W/No. 105.
12. K. Sivasankaran—W/No. 128.
13. P. Parameswaran Thampi—W/No. 546.
14. G. Velukutty—W/No. 553.
15. M. Damodaran Nair—W/No. 557.
16. R. Krishna Pillai—W/No. 558.
17. R. Balakrishna Pillai—W/No. 559.
18. David P. Joseph—W/No. 560.
19. T. Sukumaran Nair—Process Supervisor
20. R. V. George—Process Supervisor.
21. R. Velayudhan Nair—W/No. 537.
22. K. Arjunan—W/No. 76.
23. C. C. Varghese—W/No. 208.
24. K. Sankaran—W/No. 231.



25. K. Madhavan—W/No. 198.
26. P. Madhavan—W/No. 35.
27. P. Kumaran Nair—W/No. 60.
28. B. Dass—W/No. 150.
29. Kuitan Pillai—W/No. 114.
30. V. Sundarsanan—W/No. 221.
31. Aliar Kunju—W/No. 80.

The complaint raised by all the 31 employees relates to the alleged denial of promotions to them and selecting juniors for higher posts in preference to them.

In 1964 the Company effected the following promotions which can be grouped into the following 5 heads.

- A. Eight A grade process operators were promoted as charge hand operators in the plant;
- B. five charge hand fitters were promoted as Assistant Supervisors;
- C. One, A Grade Electrician was promoted as charge hand Electrician;
- D. Four A Grade fitters were promoted as charge hand fitters; and
- E. Six general labourers were promoted as B. Grade fitters.

The above 31 workmen represented by the 3 unions viz. (1) Titanium Products, Labour Union (2) Titanium Workers' Union and (3) Travancore Titanium Products Employees' Union, attacked these promotions on various grounds. By memorandum of settlement dated 5th November, 1964 marked as Ext. W19 in the case, the parties agreed, that those specific cases of denial of promotions effected after 1st November, 1963 already raised by the unions to the management will be reviewed by the Regional Labour Commissioner (C) Madras, and his findings thereon after hearing both the parties will be binding on both the parties, that there workman, if any recommended for promotion by the Regional Labour Commissioner (C) Madras, as a result of the above review will be promoted in the next available vacancies in the cadre to which the promotion has been recommended. While the matter was thus pending with the Regional Labour Commissioner (C) Madras at the instance of the unions it was agreed to withdraw the reference and refer it for the decision of the Managing Director of the Company by memorandum of settlement dated 22nd October, 1965, marked as Ext. W 20 in the case. In that settlement also it was agreed by the unions that persons already promoted would not be reverted. While the matter was pending before the Managing Director, the unions withdrew from that settlement by their letter dated 20th June, 1966 as is seen from Ext. W 22 copies of the proceedings before Sri R. Prasad, Adviser II (Kerala State). Before the Adviser, it was agreed by both sides that the above question of promotions be referred for arbitration by the State Arbitration Board set up by the State Government.

In accordance with the above agreement and in pursuance of the provisions of sub-section (3) of section 10-A of the Industrial Disputes Act 1947 (14 of 1947), the Central Government published the said arbitration agreement in the Central Government Gazette, dated 9th December, 1966. The specific issue framed and referred for determination by this Arbitration Board runs as follows:—

Whether the denial of promotion to the persons as per list attached is justified? If not to what relief are they entitled?

The list of 31 persons attached to the Notification is the same as quoted above.

Accordingly, the matter was seized by this Arbitration Board on 17th Dec., 1966. The matter was posted for written statements of the parties to 31st December, 1966; and they filed their statements on that date and their rejoinder statements on 7th January, 1967. The Unions in their rejoinder statements on 7th January, 1967, contend that the management has not been adopting any regular criteria or principle to accord promotion, but had been changing the principles and the criteria for promotions on every occasion at their will. That some persons from getting promotions; that the claims of senior emul were overlooked and that the principles laid down in the standing orders were violated or ignored in effecting promotions and consequently the promotional effected may be annulled and the aggrieved parties be given promotions with effect from the dates on which their juniors were given promotions. The management on the other hand contends that promotion is recognised to be a managerial function and so long as it is done in accordance with certain principles or criteria the action of the management cannot be questioned—that in this case the management acted on well established and healthy criteria and with full bona fides; that there

has been no violation of the Standing Orders; that the management had no intention of avoiding any particular employee, that the allegation that the principles have been varied in different cases of promotion is not correct and is denied; that those promoted are the really deserving employees and consequently no interference is called for in the promotions effected. The management would also add that since the introduction of Standing Orders for Staff and Workmen it has been recognised that promotion will be at the discretion of the management that the management has adopted the principle of seniority-cum-suitability for promotion in all cases and that the contention of the Unions that by Custom and long practice length of service and seniority were the guiding principles for promotion is not correct.

The only point for determination is the issue referred for arbitration viz :—

Whether the denial of promotion to the 31 persons named in the list (referred to above) is justified. If not, to what relief are they entitled?

The 31 workmen are represented by the following 3 Unions, viz.

1. Titanium Products, Labour Union;
2. Titanium Workers Union; and
3. Travancore Titanium Products Employees' Union.

For brevity sake the Unions shall hereinafter be referred to in their order stated above as Union Nos. 1, 2 and 3 respectively. Union No. 1 appears for persons Nos. 1 to 8, Union No. 2 for persons Nos. 9 to 20, and Union No. 3, for persons Nos. 21 to 31 referred to above. Person No. 6 was originally represented by Union No. 1. But that Union appears to have given up his claim and he was finally represented by Union No. 3.

In the arbitration agreement the parties had agreed that the arbitrators shall make their award within a period of 30 days or within such further time as is extended by mutual agreement between them in writing. The parties have agreed in writing to extend the said period up to 31st July, 1967.

In the appendix to the claim statement dated 31st December, 1966 filed by Union No. 2, it is stated that they do not press the cases of persons Nos. 14 and 18. At the time of arguments, No. 1 Union gave up the claims of Nos. 2, 3, 5 and 6 and pressed the claims of No. 1-A. Venkitachalam, No. 4, K. Velayudhan Nair, No. 7 V. Nariharan and No. 8 S. Sukumaran Nair. But the claims of No. 6 was pressed by Union No. 3, Union No. 3 did not press the claims of Nos. 26, 28, 29 and 31. Thus of the 31 persons, the claims of 9 persons viz. of Nos. 2, 3, 5, 14, 18, 26, 28, 29 and 31 were not pressed. So their claims do not arise for consideration.

Both sides have chosen to adduce evidence to substantiate their contentions. The Unions have examined eleven witnesses WW1 to WW11 and proved Exts. W1 to W51. Of the above, witnesses WW2, WW7, WW8, WW9 and WW11 are the aggrieved parties themselves viz. claimants Nos. 9, 19, 23, 22 and 17 respectively. WW4, WW5, WW6 and WW10 are responsible Officers in the Company, namely, the Plant Controller, Plant Manager, Production Manager and the Secretary of the Company respectively. WW1 is an A Grade Operator and an Executive Member of No. 2 Union who was an Observer in the Promotion Committee. WW3 is a Process Supervisor. On the side of the management, their Personnel-cum-Welfare Officer is examined as MW1 and Exts. M1 and M22 were proved. Their case is brought out through their Officers examined on the side of the Unions also.

Before dealing with individual cases it would be worthwhile to deal with certain general legal principles applicable to promotion. Both sides having relied upon the Supreme Court ruling in 1966-1 LLJ 402, the relevant portion can be quoted with advantage :—

"We are of opinion that both the contentions raised on behalf of the appellant are correct. Generally speaking, promotion is a management function; but it may be recognised that there may be occasions when a Tribunal may have to interfere with promotions made by the management where it is felt that persons superseded have been so superseded on account of *Malafides* or *Victimisation*".

Another ruling relied upon by the Unions was the following observations contained in 1961-1 LLJ 686 which runs as follows :—

"If an employer deliberately uses his power of promoting employees in a manner calculated to sow discord among his workmen or to undermine

the strength of their Union, he is guilty of unfair labour practice. I therefore hold that a Labour Tribunal can enquire whether a number of promotions made by the employer amounted to *unfair labour practice* or *Victimisation*".

5. Based upon the above principles the main points for investigation would be whether there was *malafides*, *victimisation* or *unfair labour practice* in the promotions in question. In the first place we will examine the provisions regarding promotion in the Standing Orders of the Company. The Standing Orders for workmen is Ext. M13 and the Standing Orders for the Staff is Ext. M14 clause 20(b) in Ext. M13 and clause 8(b) in M14 are the relevant provisions.

Clause 20(b) in M13 runs as follows:—

"Promotion shall be at the discretion of the management. In order, however, to afford an opportunity to the deserving workers, a Promotion Committee will be constituted consisting of the Head of the Department, where the vacancy will occur, and the Secretary of the Company. (Provided that in the case of promotions in a Department, for which the Secretary is himself the Head of the Department, the Promotion Committee will consist of the Secretary and any other Officer nominated by the Management). A representative of the Works Committee to be chosen by the worker's representative in the committee shall attend the meeting of the Promotion Committee as an Observer. This committee shall, however, be a recommendatory body and the ultimate decision regarding promotion will rest with the Managing Director who will ordinarily give due consideration to the recommendations of the committee."

The provisions in clause 8(b) of Ext. M14 being similar, it is unnecessary to quote the same over again.

That the above were the provisions in force at the time of the impugned promotions, is admitted by the Unions. It follows therefore that promotion shall be at the discretion of the Management and that the ultimate decision rests with the Managing Director. The Promotion Committee contemplated in the above provisions is only to help the Managing Director and it is only a recommendatory body. It is also seen that the workmen's representative in the Promotion Committee is only an Observer. Now we will see whether any of those provisions have been violated in this case, in regard to the attacked promotions. The relevant evidence consists of the evidence of WW6 the Production Manager and WW10 the Secretary of the Company who were members of the Promotion Committee and WW11, the General Secretary of the Union No. 2 who was the Observer in the relevant Promotion Committee. WW1, being the Observer in a subsequent Promotion Committee, we are not very much concerned with his evidence, in this matter. We will examine the evidence of WW11. He swears that he was the Observer in the Promotion Committee which made the recommendations regarding the attacked promotions. He also states that it was a list of selected persons which was placed before the Committee, that he had pointed out the defects in the Marks system, that the criteria for promotion had not been previously published that the qualification for promotion had been previously fixed and the cadre strength in each category had not been fixed etc. He also proves Ext. W42, to W47 Ext. W47 is concerning Government Servants only and that came into force long after the disputed promotions. The other documents which came into existence after the disputed promotions are mainly concerned with the future criteria for promotions, which ended probably in Ext. W1, dated 17th June, 1965, where by it has been declared that the promotions in lower categories of employees mentioned therein will be governed purely by seniority and the recommendations of the Officers under whom the employees are working provided they have got a clean confidential record. That does not in any way validate the system adopted for promotions in 1964. Thus the evidence of WW11 does not go to establish victimisation, malafides or unfair labour practice.

Coming to the evidence of WW6, he swears to the existence of a Selection Committee of which he was the Chairman. He swears that the basis of the selections were discussed in the Promotion Committee. The selection was then made by the Selection Committee and the selection was made on the above basis and then it was presented to the Promotion Committee where the Observer was also present. The existence of a Selection Committee which helped the Promotion Committee cannot be construed as a violation of the provisions in the Standing Orders. It appears that the Selection Committee only functioned as a sub-committee which worked under the directions of the Promotion Committee. Moreover, the existence of that Committee was not taken up specifically as a

violation of the provisions of the Standing Orders in the pleading of the Unions. Coming to the evidence of WW10, the following extract from his deposition was specifically relied upon by the Management.

"There are recognised Unions in the Factory, by the Management, one affiliated to the INTUC, one of the AITUC and one to the UTUC. We have about 600 workers in the factory. As far as I am aware no Officer in the Company and I have no prejudice or ill will against any of the employees or workmen of the Company including the 31 related to this Board. In effecting the promotions in this case, the management and the members in the Promotion Committee acted most *bona fide* and in the best interest".

"Among the 31st employees, mentioned in this reference, M/s. A. Venkidachalam, K. Velayudhan Nair, C. C. Cherian (No. 9), R. Balakrishna Pillai No. 17 and R. Velayudhan Nair (No. 21) are the Union Officials. The fact that these persons were Union Office-bearers has never influenced our decisions in the matter of these promotions. We give 'time-off' to office-bearers of Union who attend Conferences or discussions either in the Company premises or outside. This time off given is not considered as absenteeism on loss of pay. It is considered as on-duty".

No doubt the above portion was brought out in cross by the Management's counsel. But it is noteworthy that nothing has been brought out in the re-examination questioning the above statement of the witness. His evidence as it stands, there is no reason to disbelieve his testimony.

The Unions have not adduced any reliable evidence to show that the Management had any prejudice or grudge against any one of the above 31 persons. There is also no positive evidence that any one of the 31 persons was denied promotion or that the case of any one was not considered for promotion, because of his Trade Union activities. It was also pointed out on behalf of the Management that there was no evidence to show that there were any strained relations between the Management and the 31 employees in question or from which such an inference was possible.

We will next go into the details of the promotions effected. In the first instance we will take into consideration the case of eight A grade Process Operators promoted as charge Hand Operators in the plant which is one of the items attacked against. It appears that on 1st February, 1964, 25 senior most A grade Operators, named in Ext. M1A were considered for promotion by the Promotion Committee, as charged Hand Operators. In fact there were only 25 A Grade Operators at that time. Their names and the marks obtained by them under several heads are given in Ext. M1A. The criteria followed are given in Ext. M1. The Promotion Committee recommended 8 charge hands for promotion on the basis of marks obtained and the criteria provided in Ext. M1. It appears that the second part of the criteria on page 2 of M1 regarding absence on loss of pay of more than 14 days in either of years of 1962 and 1963 was waived because it was found that if they applied that criteria only 3 persons were qualified for consideration for promotion to the 8 vacancies which meant that they will have to promote in experienced B grade Operators or take from outside. That was done for benefitting the maximum number of A grade Operators. The 8 A grade Operators who were selected for promotion under Ext. M1 list for promotion were forwarded to the Managing Director and he confirmed and approved their promotion and accordingly they were promoted as charge-hand Operators from 16th February, 1964. The above said facts are sworn to by MW1, the Personnel-cum-Welfare Officer. Of course he has sworn that his knowledge is from the records only and that he was not in the company at that time. He joined the company only in September 1961, in that capacity. However the above facts sworn to by MW1 are not disputed in re-examination by the Unions. The above set of promotions is attacked by most of the failed candidates in these proceedings. Three of them did not come forward to attack the promotions. Another set namely Nos. 14, 18, 3, and 7 and 2, among the list of persons attacking these promotions, have subsequently given up their contentions. Thus the remaining persons, attacking the promotions are numbers 15, 16, 1, 13, 17, 4, 6, 21 and 7 according to the list of persons notified. Of these Sri R. Balakrishna Pillai, alone has come forward to swear as WW1. No doubt, he is the Secretary of one of the Unions and an aggrieved party in this group. There is a question mooted by the Unions that the criteria fixed in M1, was not proper and that was intended to avoid certain persons which according to the Unions may amount to victimisation and unfair labour practice. Here again we have to revert to the provisions in the Standing Orders to examine the competency of the Management to fix such standards. In the first place, there is nothing in Ext. M13, Cl 20(B) prohibiting fixation of such criteria by the Management. When it is specifically provided that promotion

shall be at the discretion of the Management and that the ultimate decision regarding promotion will rest with the Managing Director, we think that the competency of the Management in fixing the criteria for promotion cannot be questioned. In other words, it is the function of the Management to lay down the criteria. But at the same time, the criteria will be open to attack to see whether the same was intended for avoiding any particular employees or to see whether there was any victimisation, malafides or unfair labour practice involved in setting up the said criteria. It is seen from the evidence that the said criteria was applied to one and all alike all the 25 persons were subjected to the same test. That goes a long way against the contentions of the Unions. No doubt, they were tested under several heads, as seen from Ext. M1 and M1A. It was the eight persons who scored the highest marks, who were selected, subject to the solitary instance, namely the case of No. 5 Sri Venkitachalam in Ext. M1(a). He is No. 1 in the list of persons notified among the claimants in these proceedings. He scored a total of 82 marks only and No. 15, Sri N. S. Pillai who scored only 79 marks as per Ext. M1A were promoted. So also No. 24, Sri K. Sankara Moorthi, who scored 82 marks, i.e. the same marks as Sri Venkitachalam also was promoted. It is this, apparent injustice, which was the target of attack against M1 and M1A. Sri Venkitachalam was avoided by the virtue of the first part of the criteria on page 2 of M1. That provision enjoins that those of the employees who were on loss of pay for more than 50 days on an average for 1962 and 1963 will be excluded for consideration for promotion. Admittedly, Venkitachalam, is an Union official. According to the Union, such a provision was included to exclude the Union workers like Venkitachalam and R. Balakrishna Pillai. It may be observed here that Sri R. Balakrishna Pillai, No. 11 in Ext. M1(a) got only 41 marks and he was eliminated on account of the lower marks. All the other employees in this group got only lower marks than the promoted candidates. So on the basis of Exts. M1 and M1A, they could have no complaint and their grievances appear to be unfounded.

However, regarding Sri A. Venkitachalam we wish to make the following observation on equitable grounds. It has come out in evidence that Sri A. Venkitachalam has absented himself on some occasions on account of bad health also. It was casually pointed out that a transfer to some other section like clerical section may be useful to him. In view of his present health conditions and considering the fact that he is an active Union official, the Management would do well to give him a transfer to some other section according to his qualification, if and when he applies for the same. This suggestion we make on account of equitable considerations and because he had scored good marks and failed on account of the test of excessive absenteeism.

Coming to the question of excessive absenteeism to be put as a criterion, against promotion, a lot of evidence have been put in by both sides. MW1 swears that, the absenteeism on loss of pay is very high in this factory, coming to an average of 17 to 18 per cent and that from his experience it has been found that absenteeism above about 7 per cent is considered as bad by many managements and industries. He also would add that not only such absentees will not be promoted but they will be discharged from the service of the factory in other companies. He would also further add that absenteeism of workers would further affect the quantity and quality of production and the absenteeism of charge hands will also affect effectively. He was the Assistant Commissioner for Labour (Central), before he joined the company in September 1964. Thus he was speaking from his previous experience. In this question, the Unions have produced Ext. W12, to show that such absenteeism exists in other factories also. Ext. W12, is the 16th Report by the Third Lok Sabha Committee on Public Undertakings in March 1966. On page 10, para 77, it is observed as follows:—

"A rather disturbing feature which the Committee noticed was on absenteeism rate of 18 per cent in the factory. They were informed that authorised leave accounted for 8 per cent and the balance alone could be credited to absenteeism. Even this is a high figure. The Committee recommend that effective steps should be taken to reduce absenteeism even by offering incentives, if necessary."

The Unions relied upon the statement in para 78 of the same book that in

F.A.C.T. Always also absenteeism has increased. That also has been criticised by the Committee. Ext M15, is a statement showing the number of days on which the 25-A Grade Operators have absented themselves on loss of pay. Ext. M18 is the same statement for 1964 to 1966 regarding Sri A. Venkitachalam and 7 other Operators. Ext. M15 shows that Venkitachalam absented on loss of pay in 1962, for 133 days and in 1963, for 115 days. Ext. M18 shows that in 1964, 1965 and

1966 the absenteeism of Sri Venkitachalam was at the rate of 176, 212 and 173 respectively. These Exts. also show that some others also were absenting themselves on loss of pay to a great extent. Ext. M1(a) would show that seven out of the 25 employees considered for promotion were disqualified on the ground of excessive absenteeism, though all others excepting Venkitachalam, got only lower marks. In the above circumstances, it cannot be said that the Company was unjustified in taking that point as a criterion against promotion. It may be after consideration of all the above aspects that the Managing Director has passed an order on July 16th, 1966, copy of which is Ext. W9, to the effect that in order to discourage absenteeism in the factory, with a view to increasing production efforts, in future, no employee who has more than 50 days leave on loss of pay on the average in the 3 calendar years preceding the year in which the vacancy is sanctioned to be filled up, will be considered for promotion/selection, to higher grades/posts. That shows that now it has been settled that this excessive absenteeism will be treated a disqualification.

There is a case for the Unions that the criteria should have been published earlier. The basis on which the promotions in question were effected on the recommendations of the Promotion Committee contained in Exts M1 to M7 the genuineness of which has been admitted by the Unions. Those documents also would show that the claims of most of the 31 employees named in the order of reference were duly considered for promotion. In the circumstances the fact that the criteria were not published earlier has not seriously prejudiced the employees in question. It follows therefore that their grievances are unfounded.

Incidentally, the Unions pointed out two cases of promotions given to M/s. K. V. George and V. Donas in 1963 in which the principle of absenteeism was ignored. Those were promotions which took place before the disputed promotions which were effected in 1964. It was only subsequently that steps were taken to in the rising absenteeism with special reference to the consideration of employees for supervisory posts and as a result, the criterion of disqualifying men having an average of over 50 days absence on loss of pay for two previous years (1962 and 1963) was introduced and marks also were allotted for attendance. It was under these circumstances that this criterion was not applied for the selection of M/s. K. V. George and V. Donas. It is pointed out on behalf of the Management, that after the criteria was introduced in 1964, as per Ext. M1, no promotion to Supervisory Posts have been made without the criteria of absenteeism being strictly applied to one and all; and now that rule has come to stay as per Ext. W9.

Another point taken up by the Unions was that before the present Management took over the Company, different criteria prevailed when A Grade Operators were promoted. In the first place there is no clear evidence or data produced to show the criteria under which promotions were effected in those earlier days. Ext. M13 and M14 had not come into effect in those days. Those promotions made long ago are also not in dispute in these proceedings. Even assuming that different criteria were followed in those days, that does not mean that the present Management cannot apply different criteria subsequently. There appears to have been no Promotion Committee in those days which came into effect only by Ext. M13 and M14. Consequently promotions made in those days based on the subjective satisfaction and recommendation of the respective officers and departmental heads, cannot be compared with the promotions effected by the present Management mainly on the basis of the provisions in M13 and M14.

This leads us to the point raised by the Unions that the distribution of marks (weightage to various factors) adopted for promotions was not fair and that very low weightage only was given for service and seniority and that the opinions and impressions of the officers concerned were given too much weight. In this connection, the question of filling up Ext. W4, confidential report form was also made the subject matter of criticism. The main thing which was pointed out in this regard was that the adverse comments made in such confidential reports were not brought to the notice of the employees concerned. It is in this connection that the union relied upon Ext. W47 regarding the keeping of confidential records of Government servants, wherein there is a provision for communication of such remarks to the employees concerned. As has already been pointed out, Ext. W17 cannot be made applicable to the employees in factories and it may be noted also that even in Governments the rules came into existence only in August 1966.

No doubt it may be necessary for the sake of natural justice that such adverse comments may be notified to them so as to afford an opportunity to such employees to amend their ways and conduct in future. However in this case,

it has not been established by the unions as to the particular manner in which such non-notifications has prejudiced the employees in question. There is no case for the unions that any particular superior was prejudiced towards any particular employee in question and that any particular supervising officer who had occasion to deal with the confidential reports had done any prejudicial act to any employee concerned. So the arguments in this regard of the unions have only to be repelled. Coming to the question of more weightage for seniority, it was pointed out that for all non-selection posts, the main criteria should be seniority by length of service, unless proved inefficient or unsatisfactory on record. In this connection, it is also pointed out that the total marks for service, according to Ext. M1 was 35 out of a total of 165 and that was not fair and was unjust. It cannot be said that seniority alone could be the criterion, even in the lowest cadres but seniority cum suitability should have been the criteria. That principle was not seriously opposed on behalf of the unions. So it was for finding out suitability, more percentage of marks were allotted by the Management. We think, that the same cannot come within the purview of victimisation, unfair labour practice or malafides, when it is seen that the same rule was made applicable to one and all of the employees concerned. Further it is seen that some of the other items for which more marks have been put, as confidential reports interviews etc. could also partly depend upon their length in service and experience and application and aptitude to their work. However it may be recalled in this connection that no management is competent in fixing their own standards in the case of promotions, provided malafides have not been made out.

That the Management had no idea of victimising the union officials is also seen from another circumstance pointed out by the management. Reference was made to Ext. M8, from which it is seen that Sri A. Sukumaran W/No. 578 Joint Secretary of the Titanium Workers Union and Sri A. Jawaharlal, another Trade Union official (WW1) of the workers' Union have been promoted. In this connection, it was also pointed out that excepting for WW11, Balakrishna Pillai, the aggrieved persons have not come forward to swear to their individual grievances. Even Sri Venkitachalam (No. 1 in the list) has not gone into the box, though he was taking active part in the proceedings like cross-examining the witnesses arguing his case and even submitting hearing notes. The individual case regarding No. 1 Venkitachalam has already been dealt with. As regards the others in the above group of A grade Process Operators, the only point they have to urge in their favour is seniority as against those already promoted as per Ext. M1 list. Most of the complainants have secured only very poor marks under Ext. M1A. On the whole the arguments of the unions in general, have only to be repelled.

#### *Promotion of 5 charge-hand fitters as Assistant Supervisors.—*

The next point for consideration would be the attack against the promotion of 5 charge-hand fitters as Assistant Supervisors, by Sri K. Madhavan who was not promoted. It is seen that there were 5 posts of Assistant Supervisors to be filled up from the category of charge-hand fitters. Six senior most charge-hand fitters were interviewed in December 1963. The selection list is Ext. M 3. On the basis of the marks scored by them, five candidates were selected. Sri K. Madhavan, W/No. 198, No. 25 in the list of persons mentioned in the order of reference and No. 6 in Ext. M3 complains that he was denied promotion unjustifiably. No doubt, as is seen from Ext. M3, he got the same marks as that of Sri K. N. Chellappah Achari, No. 3 in Ext. M3. Between the two, Sri Chellappan Achari was selected because he got more marks in the interview—19 as against 17 as can be seen from Ext. M3. As regards attendance both of them got 5 marks each and for length of service 8 marks each. Sri Madhavan has not come forward to swear particularly regarding his alleged preferential claims if any as against the promoted Chellappan Achari, nor as to how the Management has acted prejudicially to him legally or factually. In these circumstances, we hold that the unions have not established how the complaint of denial of promotion to Sri Madhavan is not justified. The claim in this respect of Sri. Madhavan has only to be denied.

#### *Promotion of one A Grade Electrician as charge-hand Electrician.—*

There was vacancy of a charge-hand in the electrical section in May 1964. It appears that a practical test was held in which the senior most four electricians were called for the test. The selection list is Ext. M4. Only Sri K. Gopinath Nair, No. 1 in Ext. M4 sat for the test. He secured 133 marks out of 200 and was promoted, as he got the qualifying marks. Sri S. Sukumaran Nair and

Sri K. Sivasankaran, No. 8 and No. 12, respectively in the list of persons attached to the reference order and No. 3 and No. 4 respectively in Ext. M4 have raised complaints against the promotion. Sri Francis Decruz, No. 2 in Ext. M4 who is stated to be senior to the complainants have not come forward to impeach the said promotion. MW1, has given evidence regarding this promotion. He has sworn that Sri Gopinathan Nair has passed the Electrical Supervisors tests also. It may also be noted here that neither Sri Sukumaran Nair nor Sri Sivasankaran has gone into the box to show how the promotion of Sri Gopinathan Nair was illegal or irregular. In these circumstances the complaint in this respect is baseless and has only to be rejected.

*Promotion of 4 A Grade fitters as charge-hand fitters.—*

The following persons in the list attached to the reference order have challenged this set of promotions.

<i>Name</i>	<i>Serial No. in the list.</i>
1. P. Kumaran Nair	27
2. B. Dass	28
3. Kuttan Pillai	29
4. C. Thomas John	11
5. C. C. Verghese	23
6. C. C. Cherian	9
7. P. Krishna Pillai	10

Of the above 7 persons Sri B. Dass No. 28 and Sri Kuttan Pillai S. No. 29, did not press their claims at the time of arguments. So the claims of the other five alone were pressed by the unions and their claims alone arise for consideration. Of the above 5, Sri C. C. Cherian and Sri C. C. Varghese alone went into the box as WW2 and WW8 respectively. MW1, has sworn to the case of the Management, regarding their case in this respect. The complaint of the first three namely M/s. Kumaran Nair Dass and Kuttan Pillai, is that they were not given an opportunity to participate in the selection charge-hand fitters. Of these, as we have already stated, the case of Sl. No. 27, Sri Kumaran Nair, alone arises for consideration. It appears that there were three vacancies of fitters charge-hands. A practical test was given to 5 senior, A grade fitters on 5th November 1963. Ext. M6 is the selection list. Those three who got the highest marks were selected. Another vacancy arose within 6 months of the test and on the recommendation of the promotion committee, Sri K. Subbayan Achari, No. 4 in Ext. M6, who stood fourth according to the marks was selected. The first two (M/s. Kumaran Nair and Dass) were not recommended for consideration by the Engineers concerned which was a criterion followed for that promotion. The circumstances and the principles under which that selection was made, has been set forth in para 8 of the written statement of the Management; that aspect has been sworn to by MW1. One of the principles observed in that selection was that only those who have been recommended by at least two of the engineers, out of four were considered for selection. Thus the above two persons (M/s. Kumaran Nair and Dass) who were not so recommended got disqualified for selection. Here it may be noted that the said Sri Kumaran Nair has not got into the box. Hence the evidence of MW1, in this respect stands unchallenged.

As regards Sri Kuttan Pillai S. No. 29, in the first place, he gave up his contentions. Further he has all along been working as a Rubber Liner, which is a different trade, from a fitter's trade. Hence he was not considered for selection. This aspect has been sworn to by MW1. So there is no merit in his complaint also.

Now we will consider the case of Sri C. Thomas John (S. No. 11) in the list. It appears that he got the least marks under M6 and he failed in the practical test having got only 15 marks out of 50 marks, and therefore he was not selected. A contention was raised by union No. 1 that Sri Subbayan Achari, No. 4 in Ext. M6 was given higher mark for length of service than Sri Thomas John, even though both of them joined the company on the same date. This so called anomaly was explained by MW1. Sri Thomas John was promoted as A Grade fitter only on 1st November 1958 whereas Sri Subbayan Achari was promoted as A Grade fitter, as early as 18th September 1950. The marks for length of service was based on the service of the workmen concerned in the category in which they were working viz. as A Grade fitters. Thus Subbayan Achari got 8 marks



more than Sri Thomas John according to his length of service in the category. Thus it is clear that the claim of Sri Thomas John as against Sri Subbayan Achari is unfounded and devoid of merit.

Sri C. C. Varghese:

Next, we will consider the case of Sri C. C. Varghese (S. No. 23) in the list. He has examined himself as WW8 and has proved Exts. W14 and W13 and W40. Ext. 40 is the certificate of proficiency regarding the training he had in the trade of welders (electricity). Ext. W14 is the petition filed by him on 14th February 1961 attacking the promotion of his junior, K. N. Divakaran (W/No. 257) who was promoted as charge hand welder with effect from 1st January 1961. His case is that the above said Sri Divakaran's promotion, superseding his legitimate claims was illegal, and that he was not considered at the time of selection under Ext. M6. Ext. W13 is another petition filed by him on 7th February 1966 regarding the promotion of Divakaran, who was his junior. *Prima facie* his case appears to be a hard case, but his claim in these proceedings is disputed by the Management on the following technical grounds. Management relies upon Ext. W13 and Exts. W20 and W39 settlements according to which his dispute cannot come up for consideration before this Arbitration Board. In Ext. W19, it was specifically agreed between the management and the unions that those specific cases of denial of promotions after 1st November 1963 alone were to be reviewed. From Ext. W20, they rely upon the provision under clause 3(ii) that no persons already promoted will be reverted as a result of the settlement which may be arrived at between the parties in these proceedings. Further, they rely upon the fact that there was already a settlement regarding the claims of Sri C. C. Varghese on 12th October 1961 under Ext. W39 which runs as follows:—

"The Managing director agreed to review the cases of the Fitters and Welders mentioned in item III (a) and (b) of the Union's letter dated 14th February 1961, most sympathetically, on 1st January 1962. That that agreed settlement was inclusive of the case of Sri C. C. Varghese could be seen from Ext. W38. The contention put forward by the Management now is that, there was already a settlement regarding Sri Varghese in Ext. 39 and hence that cannot be reagitated now. The unions on the other hand would contend that even inspite of Ext. W39, the managing director has not done anything till now, even after 5 years, regarding the said Sri C. C. Varghese. That appears to be a hard state of affairs. Under such circumstances his claim could have been considered at the time of the promotion of A Grade fitters as charge hand fitters. It also appears from the evidence and circumstances that his technical qualification under Ext. W40 was not taken into account in promoting Sri Divakaran as against Sri Varghese. The only point sworn to by MW1 in favour of Sri Divakaran's promotion is that Sri Divakaran has studied up to V from while Sri Varghese has studied only upto Malayalam 6th class and hence Divakaran had better general qualifications. As regards W40, certificate the management would say that the same was not produced before the management for consideration of his claims. In support of that argument, Management has produced Ext. M12 workmen's Record regarding Sri C. C. Varghese. It is true that the certificate had not been specifically mentioned in any of the relevant columns in Ext. M12. But in the column of 'last employers' he has stated corporation electric workshop Madras, wherefrom he had obtained Ext. W40. Another aspect pointed out on behalf of the Management in regard to the claim of C. C. Varghese is that Divakaran's promotion was affected in 1961, based on the recommendations of the then engineers, concerned, who are not now in the service of the company. Ext. M13 and the provisions regarding promotion committee came into existence long after Sri Divakaran's promotion. In 1961, the promotions were not done through a promotion committee; but were based on the subjective satisfaction and recommendation of the departmental officers concerned. Hence the said promotion cannot be reconsidered now, on the question of violation of any particular principle or rule of law. As against Sri Varghese's claims for being called in for consideration at the time of Ext. M6 promotion, it was pointed out by the Management that Sri Varghese is a welder and not a fitter and the trade of welder being different, he was not entitled to be considered as charge hand fitter. As regards the agreement in Ext. W39, MW1 would swear that the management considered Sri Varghese's claim most sympathetically on 1st January 1962 for promotion, but due to the delay in expansion programme to raise to 50 tons production, there is no scope for additional vacancy. The reason for the delay is stated to be beyond the control of the management like foreign exchange, import of machinery etc. The management would also argue that it would not be conducive to the proper and smooth working of the welding section, if Sri Divakaran's Promotion is to be interfered with after six years, now: which would create heart burning to Sri Divakaran. Nevertheless, accepting the equitable as well as the legal arguments of the

management we are constrained to observe that the Management is in duty bound to adhere to the solemn promise made to the employee concerned under Ext. W39 and consider Sri Varghese's case most sympathetically by implementing their undertaking in some way or other, either by an immediate promotion by creating a vacancy or by making good his loss by increasing his total emoluments."

**Sri C. C. Cherian:**

Now we will consider the case of Sri C. C. Cherian Sl. No. 9 in the list. He has examined himself as WW2 and has proved Ext. W3. He was not called in for consideration at the time of Ext. M6 promotion of A grade fitters to charge hands. The management would say that he was not called in because he was a machinist and not a fitter, at the time of selection under Ext. M6. His complaint is that his juniors were promoted without giving him an opportunity for undergoing the tests. On his behalf the union has put forward the following arguments. That he is a fitter is clear from Ext. W3 order appointing him, which clearly states that he is raised to grade I fitter with effect from 12th June 1951. That is supported by Ext. W2 letter from the company to him offering him the post of fitter. In the face of Exts. W3 and W2 it is idle to content that he is not a fitter. But the management would say that he is doing the functions of a machinist along with two helpers. As against this, the union has rightly pointed out that there is no recognised cadre or post as machinist in the company. Nothing, in the form of records has been placed before us to show that there is such a post. Hence it is clear that he is a fitter, doing the duties of a machinist. It is further pointed out on his behalf by the union, that the fact that he is asked to do another duty by the company without his consent or willingness, will not give right for the Management to avoid him when a promotion comes. Again there is no separate post of machinist charge hand and the same charge-hand supervises both fitters and machinist. It is therefore clear that he is a fitter and he also ought to have been given an opportunity for test and interview on 5th November 1963 along with the persons mentioned in Ext. M6. Nevertheless owing to the agreements in Exts. W19 and W20, it would be improper to set aside the promotions already made. We therefore recommend that Sri C. C. Cherian's case also will be considered for promotion as early as possible.

Lastly, we will consider the case of Sri P. Krishna Pillai, S. No. 10, in the list. According to the union to which he belongs, he is also a fitter, though he is doing the duties of a turner. His claims also ought to have been considered on 5th November 1963 along with the persons in Ext. M6. He was not called for interview at that time. According to the Union, the charge-hand post is common to both fitters and turners. But here it may be stated that Sri Krishna Pillai has not come forward to swear in support of his case nor has he produced any documents in his favour. On the other hand MW1 swears as follows: P. Krishna Pillai is a turner. The trade of a fitter is not like that of a turner. There is no post of a charge-hand in that trade, that is turner trade. When the management asserts that he is not a fitter but a turner, the burden of proof is on the union to prove that Sri Krishna Pillai is really a fitter, by producing his order of appointment or order of promotion as in the case of Sri C. C. Cherian. In the written statement of the Management, they have stated that when a post of charge-hand is created in that category of turner, Sri Krishna Pillai's case will be considered. Sri Krishna Pillai having not established that he is a fitter, we think that we are constrained to hold that his claim is not proved.

**Promotion of six general labourers as B. Grade Fitters—**

The following persons in the list attached to the reference dispute this set of promotions.

Name	Serial No. in the list
1. K. Arjunan	22
2. K. Sankaran	24
3. P. Madhavan	26
4. Sundarsanan, V.	30
5. Aliar Kunju	31

Of the above, the union did not press the claims of M/s. P. Madhavan and Ahyar Kunju Sl. No. 28 and 31 respectively. Hence, really the claims of the other three persons arise for consideration. These persons are general labourers, doing unskilled work in the various departments in the Factory. In January 1964, there were four vacancies of B Grade fitters. A practical test was held on 26th December 1963 and the selection list is Ext. M7 genuineness of which is not challenged by the unions. Ten senior most general labourers working in the Engineering section were called for a trade test (practical test). Out of these 4 persons who got the highest marks were promoted on 3rd January 1964. 3 more vacancies arose within six months of the test and hence no fresh test was conducted and the next three in the order of rank based on the total number of marks were promoted through the promotion committee. Those three were, M/s. T. George M. Sreenivasan and P. Thampikunju, No. 3, 10 and 4 respectively in Ext. M7. Out of these, Sreenivasan declined the promotion. Ext. M21 is the office order offering promotion to Sreenivasan and Ext. M22 is the office order informing Sri Sreenivasan that his promotion was cancelled, since he declined to accept the same.

*Sri K. Arjunan:*

Sri Arjunan is No. 6 in Ext. M7. He secured only the lowest total number of marks (83) and failed in the practical test securing only 13 marks out of 50. Thus he was not promoted. He has given evidence as WW9 and has produced Ext. W6, office memo, dated 25th April 1963, granting him an additional increment of Rs. 5 in appreciation of the good work done by him and Ext. W17 copy of a petition dated 6th June 1966 presented by him to the Managing Director, indicating his complaint that his juniors were promoted. His complaint appears to be that even without holding any test, his juniors, M/s. T. Ramakrishnan Vamadevan, K. Vijayan and Chakrapani were promoted. MW1 has given evidence regarding this aspect. He would swear that general labourers are unskilled workmen, working in different department in the company and are interchangeable from department to department. The Trade Unions also have not objected to these transfers. They are transferred in the exigencies of the requirements in the company and sometimes at their own request. Sri Arjunan had not requested for a transfer to any other department. When these general labourers are transferred, e.g. in the Rigger section or some other section, the workers get some training and when a promotion comes there, those trained men are usually preferred in that section. The allegation that some of these transfers are made to favour these employees, is denied. MW1 has explained how, some of the juniors of Arjunan has been transferred to other sections and subsequently promoted. In cross-examination nothing has been brought out for disbelieving MW1 regarding this aspect. Accepting his evidence we do not see any improper, victimisation or unfair labour practice regarding the promotions of the above said alleged juniors. It follows therefore that there is no substance in the above said complaints of Sri Arjunan and his claims are therefore denied.

*M/s. K. Sankaran and V. Sudharsanan:*

Mr. K. Sankaran (Sl. No. 24) and Sri Sudharsanan (Sl. No. 30) have not come forward to swear regarding their claims. Sri K. Sankaran is an unskilled general labourer in the production department. The rigging section is not a part of the production department but is attached to the engineering department. MW1 swears that Sankaran cannot therefore ask for a promotion as rigger in the rigging section. Rigging is a job which calls for physical vigour, strain and experience. Only those general labourers who are used to the working in the Rigging section as helpers are generally found to be able to cope with the difficult work of rigging. MW1 also swears that it was because of that when a promotion arises in that section, workers with experience in that section alone are promoted after a test.

In general, the promotions referred to in Ext. M8 was also in a way attacked by some of the unions. Here it may be pointed out that the promotions referred to in Ext. M8, are not strictly subject matter before this Arbitration Board. The promotions as per M8, are promotion from B grade operators to A grade operators. MW1 swears that the criteria for M8 promotion is given in Ext. W7, except the notes (1) and (2) under it, which notes came into operation only on 28th July, 1966 subsequent to the promotions under M8. Ext. M8, M10 and M10(A) are the copies of the original orders. In the circumstances, as explained by MW1, we do not see any substance in the contentions of Sri Sankaran & Sri Sudarsanan. So their claims are also only to be denied.

*M/s. T. Sukumaran Nair and R. V. George:*

Lastly we come to the complaints regarding the cases of M/s. T. Sukumaran Nair and R. V. George No. 19 and No. 20 respectively in the list of persons attached to the order of reference. Sri Sukumaran Nair has been examined as WW7. Their complaint is that they were denied promotions as plant controller. They were process supervisors and they should have been promoted to the post of plant controller. Sri Sukumaran Nair has sworn that a vacancy arose in the post of plant controller in 1965 and for which himself and R. V. George were also claimants. Ignoring their seniority and length of service, another junior hand, one Sri K. C. Pillai who had a total service of two years only as process supervisor had been promoted as plant controller. Overlooking their claims Sri K. C. Pillai was given acting charge as plant controller on a few occasions and at that time, they had protested. The copy of the grievance petition filed by him on 28th June 1964 is Ext. W10. According to him, promotion should have been based on experience and training only and the general practice in the company had been to attach more importance to experience and training. On that criterion either Sukumaran Nair or R. V. George ought to have been preferred against Sri K. C. Pillai. This appears to be the gist of their complaint. According to the management, the post of a plant controller is managerial and responsible post and does not come under the purview of the standing orders or Industrial Disputes Act, 1947. MW1 has sworn that the Management has never taken anybody other than a science graduate as plant controller. According to him, this has always been the practice, ever since the company come into functioning. The plant controller is in over all control over the plant and production in the company. That aspect is proved by Ext. M16, office order. The management has also produced Ext. M17. The Copy of the reply by the managing director to Sukumaran Nair, in reply to the W10 complaint, where in the claims of Sukumaran Nair has been refuted. In Ext. M17, it is further stated that the minimum qualifications required for the plant controller's post is a graduation in science and considerable experience as process supervisor. In so far as the two supervisors referred to in Ext. M10, who has been permitted to work in casual vacancies of plant controllers, one is a B.Sc., having considerable long experience as supervisor and the other is a B.Sc. coupled with M.Sc., (tech.) MW1 swears that Sri T. Sukumaran Nair and Sri R. V. George did not possess the required qualifications. Sri Sukumaran Nair is a failed intermediate in History, and Sri George has only an S.S.L.C. to his credit. Sri K. C. Pillai and Sri T. I. Cherian were promoted as plant controllers on 17th February, 1966. They were process supervisors prior to their promotion. Sri K. C. Pillai is a B.Sc., (Science) and M.Sc., (tech.) Sri T. I. Cherian is a graduate in science. These facts are sworn to by MW1. He further swears that the plant controller's post is not governed by Ext. M13 or M14. The promoted persons had acted as plant controllers also before their promotions; while M/s. Sukumaran Nair and George had never even acted as plant controllers. Sukumaran Nair, himself admits in cross examination that there is no plant controller now in service who is not a graduate in science. He also admits that he is not a graduate in science. He also admits that he is only an intermediate, passed in two parts and failed in subjects (history). For the foregoing reasons, we do not see any ground for interfering with the promotions given to Mr. K. C. Pillai and Mr. T. I. Cherian, as against M/s. Sukumaran Nair and R. V. George. Their claims are therefore denied.

Before closing, we wish to add a few words regarding the latter part of the issue referred to us namely "if not to what relief are they entitled". Regarding reliefs; we have to bear in mind, the agreement of the parties in Ext. W19 and W20. In Ext. W19, under para 4(a) it has been agreed that if any persons were recommended for promotion, as a result of the review, they will be promoted in the next available vacancies in the cadre to which the promotion has been recommended. So also, in Ext. W20, under the head promotions in para 3(iii) it had been specifically agreed between the Management and the unions that "no person already promoted will be reverted as a result of para (i) above". Most of the promotions in this case were early in 1964 and three years are now over. Interference with those promotions will upset the industrial peace in the factory. It is also seen that the promotions were effected from among the existing employees and no fresh hands were taken from outside. It is further seen that promotions were effected on the basis of some test or other, or on the basis of some criteria, though some of them might not have been notified earlier. Thus on equitable considerations also interference with the promotions effected would create dissensions and heart burn among the employees and will upset the industrial peace. Hence, as regards the deserving and hard cases referred to above the management will look into their claims in the light of the observations made above most sympathetically and without delay and will try to redress their grievances in whatever manner possible. We also wish to observe in

general that it would be better and healthy, in the interests of all concerned that the criteria for promotions are notified earlier in consultation with the unions, as far as possible, and also to bring to the notice of the persons concerned the adverse remarks made in confidential records and got their explanations whenever necessary and thus giving them an opportunity to amend their ways and for improving themselves. It is also gratifying to note that subsequent to the promotions in question the management is declaring its policies and criteria definitely as is seen from documents like Ext. W9. Another redeeming and encouraging feature noted in Ext. W42 which is clear from the following question can also be quoted with advantage regarding the cordial relations coming into existence between the unions and the management.

"The unions agreed that it is essential to have a definite pattern to be followed for promotions, so that personal prejudices and predilections of supervisory officers would have little impact on the overall result. They however felt that the quantum of marks for the various factors may need some slight adjustments. The Managing Director welcomed the suggestions regarding the allocation of marks for various factors which would receive his earnest consideration. He also agreed to look into any specific cases of alleged injustice if pointed out to him".

If the unions and the management would go ahead in the spirit expressed in the above paragraph much dissensions and discord could be avoided and industrial peace could be established within the factory.

He take this opportunity to thank the Management and the Unions for their hearty cooperation with us and the efficient way in which they participated in the proceedings.

We pass this award accordingly, subject to the observations made above. The award will come into effect within 30 days of the publication of the Award in the Gazette.

*Dated this the 26th day of July 1967.*

1. SRI C. M. MATHEW,  
Chairman.
2. SRI A. KARUNAKARAN,  
(Member)
3. SRI K. JANARDHANAN PILLAI,  
(Member)
4. Mr. J. B. SOUTAR,  
(Member)
5. SRI P. BALACHANDRA MENON,  
(Member)
6. PRAKULAM BHASI,  
(Member)
7. SRI C. M. STEPHEN,  
(Member)

#### *Note of Dissent*

While I agree with the observations and findings in the award regarding promotions and while I fully share the views of the Chairman and other Honourable Members regarding absenteeism, I would suggest that Shri A. Venkitachalam and Sri R. Balkrishna Pillai who are office bearers of recognised unions be treated differently because their absence from work has been also due to their union activities. There are industries and Government concerns which allow full leave of absence for the employees who are office bearers of recognised Unions. In case of promotions such leave of absence is never considered a bar and I suggest that such healthy procedure be followed in the Titanium Products Ltd., also so that industrial peace can be better secured.

Sd/- P. BALACHANDRA MENON.

I agree with Shri Balachandra Menon's views.

(Sd.) Illegible.

I agree with the above note of dissent.

(Sd.) Illegible.

#### *List of Appendices*

##### *I. Documents marked on the side of the management*

M1.—Criteria for promotion.

M1.(a)—Selection list of chargehand.

M2.—Circular No. 18/64, dated 28th December 1964 of the Travancore Titanium Products Limited, Trivandrum.

- M3.—Selection of Assistant Supervisors from chargehand fitters, dated 31st December, 1963.
- M4.—Selection of the post of the post of chargehand Electricians from A Grade Electricians, dated 5th June, 1964.
- M5.—Statement of A Grade fitters their appointment and the date on which they were promoted to A Grade.
- M6.—Selection of charge hands from A Grade fitters, Practical Test on 5th November, 1963.
- M7.—Selection of B Grade Fitters Practical Test on 26th December, 1963.
- M8.—Order No. PWO(81), dated July 1, 1966 of the Manager of the Titanium Products Limited.
- M9.—Order No. MD.43/66, dated 28th July 1966 of the Managing Director of the Travancore Titanium Products.
- M10.—Order No. MD.47/66, dated August 12, 1966 of the Managing Director.
- M10(a).—Appendix III Criteria for promotion.
- M11.—Statement regarding absenteeism.
- M12.—Workmen's Record of Sri C. C. Varghese.
- M13.—Copy of the certified Standing Orders for the workmen.
- M14.—Copy of the certified Standing Orders for staff.
- M15.—Statement showing the number of days on which the 25A Grade operation absented themselves on loss of pay in 1962 and 1963.
- M16.—True copy of the office order issued by the Managing Director, dated 6th May, 1965.
- M17.—True copy of the reply, dated 13th August, 1964 given by the management to the grievance petition filed by Sri Sukumaran Nair.
- M18.—The Statement showing the absence on loss of pay in 1964 to 1966 of A. Venkitachalam and 7 other process operators.  
Copy of Order dated 26th March, 1960.
- M19.—Granting special allowance to Sri N. Kuttan Pillal.
- M20.—Copy of the implementation of agreement dated 12th October, 1961.
- M20(a).—Memorandum of settlement, dated 12th October 1961—Implementation report.
- M20(b).—Minutes of the discussion on 1st March, 1962.
- M21.—Copy of promotion order dated 25th May, 1964 given to Sri Srinivasan.
- M22.—Communication addressed to Srinivasan when he declined to accept promotion.

## *II. Documents marked on the side of the workers*

- W1.—Order No. Est. 2/65, dated 17th June 1965 regarding promotion in Lower categories of employees.
- W2.—Letter No. TAM/SRS/8395, dated 29th November 1949 of the Secretary, Travancore Titanium Products Ltd., to Sri C. C. Cheriyan.
- W3.—Inter Office Memo., dated 12th June 1951 from the Managing Director to Mr. C. C. Cheriyan.
- W4.—Form of Employees Report of the Travancore Titanium Products Ltd., Trivandrum.
- W5.—Memorandum of settlement, dated 5th August 1961 between the management of Travancore Titanium Products Ltd., Trivandrum and the Titanium Products Labour Union.
- W6.—Letter dated 12th October 1961 from the Managing Director to four employees, viz. N. Krishnan Nair, N. Surendranathan Nair, N. Sivasankara Pillal and A. Venkitachalam.
- W7.—Criteria adopted for promotion from 'B' Grade to 'A' Grade operators.
- W8.—B Grade to A grade operators. Date of sanction of posts, 29th November, 1965.
- W9.—Order No. MD. 40/66, dated July 16, 1966 of the Managing Director.

- W10.—Copy of Grievance petition dated 28th June 1964 from T. Sukumaran Nair, Process Supervisor.
- W11.—Letter, dated 25th October 1966, by Management to Thankappan Nair (vide annexure to Titanium Products Labour Union).
- W12.—Report by Parliamentary Committee para. 77.
- W13.—Copy of petition, dated 7th February 1966 from C. C. Varghese, Work No. 208.
- W14.—Copy of petition, dated 14th February 1961 from C. C. Varghese.
- W15.—Copy of petition, dated 21st May, 1961 from C. C. Varghese.
- W16.—Copy of certificate of good work issued to K. Arjunan work No. 76.
- W17.—Copy of petition, dated 6th June, 1961 from K. Arjunan.
- W18.—Copy of letter No. TPL4/D-8/63-64 from the General Secretary to the Managing Director.
- W19.—Copy of Memorandum of settlement, dated 5th November 1964.
- W20.—Copy of Memorandum of settlement, dated 22nd October 1965.
- W21.—Copy of letter, dated 14th February 1966 from the General Secretary to the Managing Director.
- W22.—Copy of summary of discussions held 8th October 1966.
- W23.—Copy of Memorandum of settlement, dated 4th March 1965.
- W24.—Copy of letter, dated 31st March 1960 from the Chief Administrative Officer, to the General Secretary, Titanium Products Labour Union.
- W25.—Copy of letter, dated 31st May 1960 from the Chief Administrative Officer to the General Secretary.
- W26.—Copy of letter, dated 17th January 1961 from the Managing Director to the General Secretary.
- W27.—Copy of letter, dated 30th May 1961 from the General Secretary to the Managing Director.
- W28.—Copy of letter, dated 26th June 1961 from the Secretary to the General Secretary of the Titanium Products Labour Union.
- W29.—Copy of letter, dated 28th June 1961 from the Secretary to the General Secretary, Titanium Products Labour Union.
- W30.—Copy of letter dated July 4, 1961 from the Secretary to the General Secretary, Titanium Products Labour Union.
- W31.—Copy of letter, dated 3rd April 1964.
- W32.—Copy of letter, dated 26th May 1964.
- W33.—Copy of Inter office Memo., dated 17th May 1965.
- W34.—Copy of memorandum of settlement, dated 25th March 1966.
- W35.—Copy of letter, dated 31st December 1965 from the Personal Cum Welfare Officer, to the General Secretary, Titanium Products Labour Union.
- W35(a).—Copy of order, dated 30th December 1965.
- W36.—Copy of amendment of Acting Allowance Rules, dated 14th January 1966.
- W37.—Copy of order, dated 15th July, 1966.
- W38.—Copy of letter, dated 14th February 1961 from the Titanium Workers Union to the Managing Director.
- W39.—Copy of Memorandum of settlement, dated 12th October 1961.
- W40.—Copy of certificate of Proficiency, dated 10th June 1947.
- W41.—Copy of petition, dated 25th March 1960 from C. C. Varghese.
- W42.—Copy of Minutes, dated 11th March 1964.
- W43.—Copy of letter, dated 16th March 1964 from the General Secretary to the Managing Director.
- W44.—Copy of letter, dated 24th March 1964 from the General Secretary, Titanium Workers Union to the Managing Director.
- W45.—Copy of letter, dated 18th March 1964.
- W46.—Copy of letter, dated 12th July 1965.

- W47.—Copy of Instructions for preparations and Maintenance of Confidential Reports on Government Servants.  
 W48.—Amendment to the Certified standing orders No. M. 240/(4)/65, dated 15th June 1966.  
 W48(a).—Extract from the Conciliation Report No. C. 25(8)/64, dated 2nd May 1964.  
 W49.—Extract from the Minutes and modifications made by the Regional Labour Commissioner (C) Madras on the standing orders for staff and workmen of Travancore Titanium Products Ltd., Trivandrum.  
 W50.—Extract from the award of the Industrial Tribunal, Trivandrum in Industrial Disputes No. 20/1961.  
 W51.—Extract from the D.O. letter of the Regional Labour Commissioner to the Secretary, Travancore Titanium Products Limited and to the General Secretaries of the Three Unions functioning in Travancore Titanium Products Ltd., concerning amendments to the Promotion clauses in the standing orders.

*III. Witness examined on the side of the Management*

MW1.—J. K. Mani, Personal-Cum-Welfare Officer.

*IV. Witness examined on the side of the Unions*

- WW1.—Jawahar, Process Operator.  
 WW2.—C. C. Cheriyan.  
 WW3.—P. S. Sankaran Nair, Process Supervisor.  
 WW4.—K. Koshy, Plant Controller.  
 WW5.—P. Ananthanarayanan, Plant Manager.  
 WW6.—N. Sthanunath, Production Manager.  
 WW7.—T. Sukumaran Nair, Process Supervisor.  
 WW8.—C. C. Varghese.  
 WW9.—K. Arjunan.  
 WW10.—N. R. Nair, Secretary.  
 WW11.—R. Balakrishna Pillai, Process Operator.

[No. 24/58/66-LRI.]

*New Delhi, the 14th September 1967*

**S.O. 3356.**—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Delhi, in the industrial dispute between the employers in relation to the Punjab Cooperative Bank Limited, Amritsar and their workmen which was received by the Central Government on the 7th September, 1967.

**BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL, DELHI**

**PRESENT:**

Shri Anand Narain Kaul, Central Government Industrial Tribunal, Delhi.

29th June, 1967

REFERENCE I.D. No. 5 of 1966

BETWEEN

The employers in relation to the Punjab Cooperative Bank Limited, Hall Bazar, Amritsar.

AND

Their workmen as represented by the All India Bank Employees' Association, 780-Ballimaran, Chandni Chowk, Delhi.

Shri Sudesh Verma for the management.

Sarvashri Durga Das and H. L. Parwana for the workmen.

**AWARD**

By S.O., dated the 27th April, 1966, the Central Government has referred to this Tribunal for adjudication an industrial dispute existing between the employers in relation to the Punjab Cooperative Bank Limited, Hall Bazar, Amritsar (to be referred to hereinafter as the Bank) and their workmen as represented by the



All India Bank Employees' Association, 780-Ballimaran, Chandni Chowk, Delhi (to be referred to hereinafter as the Association). The following are the terms of reference:—

"1. What should be the quantum of bonus payable to the employees of the Punjab Cooperative Bank Limited, Amritsar, for the year 1964?

2. Whether, out of the bonus payable under item 1 above, the management are justified in making any deductions on account of bonus paid for the year 1962, in accordance with the Award of the Industrial Tribunal, Chandigarh, dated the 16th March, 1966 and published with the Notification of the Government of India in the late Ministry of Labour and Employment No. S.O. 978, dated the 22nd March, 1965. If so, to what extent."

2. Both the aforesaid parties have submitted to me their respective written statements and rejoinders. They have also filed their respective calculation charts. It was agreed between the parties that the issues will be the same as the terms of reference.

3. Briefly stated the case of the Association, as set out in its written statement, is that the Bank announced its profits for the year 1962 but did not pay any bonus to its employees as was required under the provisions of the Desai Bonus Award. The matter went to the Industrial Tribunal, Chandigarh for adjudication which gave its award on the 16th March, 1965, directing the Bank to pay bonus to the employees for the year 1962 at the rate of one month's basic pay and accordingly the Bank implemented the award of the Chandigarh Tribunal and made the payment to the employees at the rate of one month's basic pay in April, 1965. Again for the year 1964, the Bank announced its profits but did not pay any bonus to its employees as was required under the provisions of the Desai Bonus Award. This action of the Bank, according to the Association, is not justified, inasmuch as the Payment of Bonus Act, 1965, provides that even if the concern does not show profits in any particular year and shows loss, it must pay bonus equivalent to 4 per cent of the total wage earned by an employee in the specific year for which the bonus is claimed. It is further alleged that the Bank offered to the employees the payment of bonus at reduced quantum for the year 1964 on the ground that in terms of the provisions of the Payment of Bonus Act, 1965, the employees were entitled to only 4 per cent. According to the Association, the Bank did not actually make the payment and contended that as bonus for the year 1962 was paid at a higher rate under the Award, so the bonus for the year 1964 at 4 per cent under the Payment of Bonus Act stands adjusted against payment of bonus for the year 1962. It is further alleged that the bonus dispute for the year 1962 was actually not pending prior to the payment of Bonus Ordinance and moreover the provisions of Section 39 of the Payment of Bonus Act make it quite clear that the very provisions of the said Act shall be in addition to and not in derogation to any corresponding law relating to investigation and settlement of the bonus dispute. According to the Association, therefore, the action of the Bank in deducting and/or reducing the minimum bonus payable for the year 1964 at the rate of 4 per cent of the wages earned by the employees for the said year in terms of the provisions of Section 10 of the Payment of Bonus Act, 1965, is unjustified and illegal.

4. The Bank in its written statement has taken some preliminary objections which are to the effect that the union filed a plaint in the Labour Court, Jullundur on the matter in dispute on the 28th December, 1965, which was subsequently withdrawn by the union that, although technically no decision on merits was formally given by the Court but the Court after hearing the interested parties considered the union's case as not tenable and allowed it to be withdrawn. According to the Bank, the Labour Court, Jullundur, was competent to decide the matter and the withdrawal under these circumstances must be considered as amounting to acceptance of the contentions raised in its written statement and therefore the matter should be treated as finally closed. The Bank has invoked the principles of resjudicata in support of its stand that the matter cannot be agitated again.

5. On the merits the case of the Bank is that the bonus dispute in respect of the year, 1962, was referred by the Government on the 21st July, 1964, to the Chandigarh Tribunal, which gave its award on the 16th March, 1965 and therefore, the dispute was pending on the 1st December, 1964. The Bank has pleaded

that for such disputes which were pending on 1st September, 1964, Section 33 of the Payment of Bonus Ordinance makes the following provisions:

"Section 33: Where immediately before the 2nd September, 1964, any industrial dispute regarding payment of bonus relating to any accounting year ending on any day in the year, 1962, and any subsequent accounting year was pending before the appropriate Government or before any Tribunal or other authority constituted under the Industrial Disputes Act, 1947, or under any corresponding law relating to investigation and settlement of industrial disputes in a State, such dispute shall be decided in accordance with the provisions of this Ordinance."

Section 34 of the said Ordinance makes the provisions of the Ordinance to override the terms of any award, agreement etc. made before the commencement of the Ordinance. The Bank, therefore, contends that the award given by the Chandigarh Tribunal on the 16th March, 1965, became void and over-ridden and the bonus for the year 1962 had to be re-determined in accordance with the said Ordinance and the payment already made on the basis of the Chandigarh Tribunal's award becomes adjustable on re-calculation. It is, pleaded that the Bank management re-calculated the bonus payable for 1962 and 1964 under the said Ordinance and after deducting what had already been paid under the "over-ridden" award, tendered the remaining sum payable to workmen in August, 1965, which was, however, not accepted by the workmen and is lying at their disposal. The management, therefore, contends that the claim of the workmen be dismissed with costs.

6. According to the rejoinder filed on behalf of the Association, the preliminary objections raised by the Bank in its written statement are unfounded and baseless inasmuch as the Labour Court did not decide the issue under reference as admitted by the Bank itself and the question of '*res judicata*' does not arise. According to the Association, the application was withdrawn due to some technical defects and permission to file fresh application was sought from the Labour Court, which allowed the petitioners to withdraw the application with liberty to file fresh application. This Tribunal has, therefore, full powers to adjudicate upon the dispute.

7. On the merits of the case, it is stated that the Bank is bound to pay minimum 4 per cent of the total wages earned by the employees for the year 1964 towards bonus having regard to the provisions of Section 10 of the Payment of Bonus Act. Every year for the purpose of bonus, according to the Association, is a distinct year and no adjustments can be made by an employer against bonus on any account. The amount of bonus due for a particular year must be paid by an employer. It has further relied upon the Provisions of the Desai Award on Bonus for the banking industry having regard to Section 39 of the Payment of Bonus Act according to which the provisions of the said Act shall be in addition and not in derogation of the Industrial Disputes Act or any corresponding law relating to investigation and settlement of the industrial disputes and has attempted to show that according to the calculations under the Desai Bonus Award, the bonus due to the employees for the year 1964 comes to Rs. 35,529. According to the Association, the management has failed to establish that there was any pendency of the bonus dispute for the year 1962 prior to 29th May, 1965 and in fact the bonus dispute for the year 1962 was no more pending prior to the payment of Bonus Ordinance. The award given by the Chandigarh Tribunal on the 16th March, 1965, has already been implemented by the management and if the management had any grievance against the said award, it should have approached the proper legal authorities to get the award set aside, and in the presence of the binding character of the award, this Tribunal cannot interfere with the award of the Chandigarh Tribunal, since it cannot sit as an appellate court over the award of that Tribunal. The plea taken up by the management that it has not paid any dividend for the last six years under directions from the Reserve Bank of India has nothing to do with the payment of bonus for the year 1964. According to the Association, it is wrong on the part of the management to suggest that the Desai Bonus Award has become a dead letter and Section 39 of the payment of Bonus Act, according to the Association, is a short answer to the plea.

8. After hearing the parties on the points raised by them in their pleadings or at the hearing I recorded my tentative conclusions on the 6th January, 1967, which are as follows:—

"(1) It seems to me that in the face of the provisions of Section 34 of the Payment of Bonus Ordinance, 1965, the directions if any given

regarding bonus in what is known as the Desai Award are no longer applicable and the provisions of the Ordinance or of the Payment of Bonus Act, 1965, have the effect of superseding of such directions contained in any previous award in so far as they are inconsistent with the provisions of the Ordinance or of the Act.

- (2) Section 39 of the Ordinance has not the effect of saving the provisions of the Desai Award since it is only an award and not "a law relating to investigation and settlement of Industrial disputes in force in a State." The provisions of the Desai Award, cannot therefore, be invoked in the present dispute.
- (3) The award of the learned Chandigarh Tribunal was passed in March, 1965, prior to the promulgation of the Payment of Bonus Ordinance, 1965. The award was not appealed against and has in fact been implemented. I do not think such an award, which was not subsisting on the date of the promulgation of the Ordinance could be re-opened. The provisions of the Ordinance are not retrospective in operation. The provisions of Section 33 of the Ordinance only mean that if any dispute regarding Payment of Bonus relating to any accounting year ending on any day in the year 1962 was pending before any Tribunal or other authority, such a dispute shall be decided in accordance with the provisions of the Ordinance. It may be that the dispute regarding bonus for 1962 was pending before the 2nd September, 1964, with the Industrial Tribunal, Chandigarh but that dispute had been finally disposed of and the award implemented before the Ordinance came into force. The provisions of Section 33 of the Ordinance even read with Section 34(1) cannot have the effect of nullifying any award already passed by a competent authority. An award which has been implemented and is not subsisting is not covered by the provisions of S. 34(1). In any case it is not for the respondent Bank to decide such a question and it was only an authority before which such a dispute was pending or before which such a dispute is taken that could have been competent to decide it. The present dispute cannot be decided on the basis of the provisions of the Ordinance which stand repealed.
- (4) It is not for this Tribunal to sit in judgment over the decision of the Chandigarh Tribunal or re-open that award.
- (5) The Ordinance was superseded by the Act and subsequently the corresponding provisions of even Section 33 and of Section 34(2) of the Act have been declared void by the Supreme Court. It is doubtful if these provisions can now be invoked."

9. In the light of these conclusions, the calculation charts filed by the Association based on the provisions of the Desai Award became infructuous and the union was directed to file, with advance copy to the management a fresh calculation chart based on the provisions of the Payment of Bonus Act, 1965, showing the available surplus, if any, if the Association claims the benefit of the provisions of Section 11 of the Act. The management was directed to file its counter chart, if any, or its comments on the fresh chart. While the Association filed the bonus calculation chart on the date fixed for the purpose, the management failed to file the same and took repeated adjournments and it was only on the imposition of costs that the calculation chart was filed by the management and the case was then fixed for further proceedings.

10. I have again heard the learned representatives of the parties namely Sarvashri Durga Das and H. L. Parwana on behalf of the workmen and Shri

Sudesh Verma on behalf of the management. In the light of the tentative conclusions recorded on 6th January, 1967, the workmen now claim only 4 per cent as bonus in terms of Section 10 of the Payment of Bonus Act and Shri Parwana has declared that he does not claim the benefit of Section 11. Therefore the claim is confined to 4 per cent of the wages earned by each employee during the accounting year or Rs. 40 whichever is higher. The term 'wages' has been defined in Section 2(21) of the Act itself and it includes Dearness Allowance. Shri Sudesh Verma in reply to Shri Parwana had nothing to say against a claim based on Section 10 of the Act except the plea already taken in regard to adjustment against the payments made for the year 1962. This plea has been already rejected in my tentative conclusions. These tentative conclusions are affirmed and an award is passed accordingly that bonus for the accounting year, 1964, shall be paid to each employee in accordance with the provisions of Section 10 of the Act. This disposes of term No. 1 of the reference. There shall be no deductions out of the bonus payable as above, on account of any bonus paid for the year 1962 under the award of the Industrial Tribunal, Chandigarh. This disposes of term No. 2 of the reference. I make an award accordingly and direct that it will be implemented within 6 weeks of the publication of the award in the Official Gazette.

(Nine pages).

29th June, 1967.

(Sd.) ANAND NARAIN KAUL,

Central Government Industrial Tribunal, Delhi.

[No. F. 51/49/65-LRIV.]

*New Delhi, the 15th September 1967*

**S.O. 3357.**—In exercise of the powers conferred by section 39 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby directs that the powers exercisable by it under sub-section (1) of section 34 of the said Act, shall, in respect of the offences punishable under Chapter VI of that Act, be exercisable also by all the Deputy Chief Labour Commissioners (Central) and all the Regional Labour Commissioners (Central).

[No. F. 1/78/67-LRI.]

**S.O. 3358.**—Whereas the Central Government being satisfied that the public interest so required had declared by a Notification made in pursuance of the provisions of the proviso to sub-clause (vi) of clause (n) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947), (being the Notification of the Government of India in the Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) No. S.O. 957, dated the 15th March 1967 the zinc mining industry, to be a public utility service for the purposes of the said Act for a period of six months from the 25th March, 1967;

And whereas the Central Government is of the opinion that public interest requires the extension of the said period by a further period of six months;

Now, therefore, in exercise of the powers conferred by the proviso to sub-clause (vi) of clause (n) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby declares the said industry to be a public utility service for the purposes of the said Act for a further period of six months from the 25th September, 1967.

[No. F. 1/83/67-LRI.]

*New Delhi, the 16th September 1967*

**S.O. 3359.**—Whereas the Central Government being satisfied that the public interest so required had declared by a notification made in pursuance of the provisions of the proviso to sub-clause (vi) of clause (n) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947), [(being the notification of the Government of India in the Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment) No. S.O. 258, dated the 15th March 1967)], the lead mining industry, to be a public utility service for the purposes of the said Act for a period of six months from the 25th March, 1967;

And whereas the Central Government is of the opinion that public interest requires the extension of the said period by a further period of six months;

Now, therefore, in exercise of the powers conferred by the proviso to sub-clause (vi) of clause (n) of section 2 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby declares the said industry to be a public utility service for the purposes of the said Act for a further period of six months from the 25th September 1967.

[No. F. 1/83/67-LRL.]

### ORDERS

*New Delhi, the 13th September 1967*

**S.O. 3360.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Punjab National Bank Limited Calcutta and their workmen in respect of the matter specified in the Schedule hereto annexed;

And, whereas, the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Calcutta constituted under section 7A of the said Act.

### SCHEDULE

Whether the action of the management of the Punjab National Bank Limited Calcutta, in requiring Shri Harihar Singh, Godown Chowkidar, to retire from service with effect from the 1st July 1967, was justified? If not, to what relief is the workman entitled?

[No. 51/49/67-LR.III.]

**S.O. 3361.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the British India Steam Navigation Company Limited, Calcutta and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Calcutta, constituted under section 7A of the said Act.

### SCHEDULE

(1) Whether the watchmen of Messrs British India Steam Navigation Company Limited, Calcutta are entitled to get the interim relief and dearness allowance as recommended by the Central Wage Board for Port and Dock Workers? If so, from what date?

(2) Whether the demand of the watchmen of Messrs British India Steam Navigation Company Limited, Calcutta for grant of festival holidays which are allowed to other permanent employees is justified? If so, to what relief are they entitled?

(3) Whether the demand of the watchmen of Messrs British India Steam Navigation Company Limited, Calcutta for leave travel concession is justified? If so, to what relief are they entitled?

[No. 28/81/67-LR.III.]

*New Delhi, the 14th September 1967*

**S.O. 3362.**—Whereas an industrial dispute exists between the employers in relation to Messrs Darabshaw B. Cursetjee's Sons, Bombay and their workmen represented by the Transport and Dock Workers' Union, Bombay;

And, whereas the said employers and workmen have, under sub-section (1) of section 10A of the Industrial Disputes Act, 1947 (14 of 1947), agreed to refer the said dispute to arbitration by a written agreement and have forwarded to the Central Government under sub-section (3) of the said Act, a copy of the said arbitration agreement;

Now, therefore, in pursuance of sub-section (3) of section 10A of the said Act, the Central Government hereby publishes the said arbitration agreement which was received by it on the 4th September, 1967.

### (AGREEMENT)

(Under section 10A of the Industrial Disputes Act, 1947)

### BETWEEN

#### *Name of Parties:*

*Representing employers*—M/s. Darabshaw B. Cursetjee's Sons.

*Representing workmen*—The Transport & Dock Workers' Union, Bombay.

It is hereby agreed between the parties to refer the following industrial dispute to the arbitration of Shri Salim M. Merchant, at present Presiding Officer, Central Government Industrial Tribunal, City Ice Building, Bazargate, Bombay-1.

(i) Specific matter in dispute is as follows:—

"Whether the claim of the Dock clerks of M/s. Darabshaw B. Cursetjee's Sons, for Acting Allowance is justified in respect of all import vessels handled by the Company and where the Company has not employed Assistant Supervisors. If so, from what date the arrears of Acting Allowance should be paid?"

(ii) Details of the party to the dispute including the name and address of the establishment or undertaking involved.

M/s. Darabshaw B. Cursetjee's Sons, Darabshaw House, Ballard Estate, Bombay-1.

(iii) Name of the Union, if any, representing the workmen in question.

The Transport & Dock Workers' Union, Bombay.

(iv) Total number of workmen employed in the undertaking affected—28.

(v) Estimated number of workmen affected or likely to be affected by the dispute—28.

We further agree that the majority decision of the arbitrator shall be binding on us.

The arbitrator shall make his award within a period of six months or within such further time as is extended by mutual agreement between us in writing. In case the award is not made within the period aforementioned, the reference to arbitration shall stand automatically cancelled and we shall be free to negotiate for fresh arbitration.

I, Salim M. Merchant, hereby consent to act as Sole Arbitrator in this matter.

Sd/ Salim M. Merchant,  
Bombay, 29-8-67.

Signature of the Parties.

For Darabshaw B. Cursetjee's Sons,

Witnesses:

(1) Sd/- Illigible.

(2) Sd/- Illigible.

Sd/- Illigible,

Partner.

Representing employer,

Sd/- Illigible.

Secretary, Transport & Dock Workers  
Union, Bombay.

Representing workers.

Sd/- Illigible.

President, Transport & Dock Workers  
Union, Bombay.

[No. 28/92/67/LR.III.]

New Delhi, the 16th September 1967

**S.O. 3363.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Andhari Mica Mine of Messrs Chaturam Horilram (Private) Limited, Jumritelaiya and their workmen in respect of the matters specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said disputes for adjudication to the additional Industrial Tribunal, Dhanbad, constituted under section 7A of the said Act.

#### SCHEDULE

(1) Whether the management of Messrs Chaturam Horilram (Private) Limited, Post Office, Jumritelaiya, was justified in terminating the services of the following workers of the Andhari Mica Mines at Jorasimar?

- (1) Manger Singh (2) Lalu Singh (3) Ganesh Singh (4) Nando Singh (5) Bandhan Singh (6) Anup Singh (7) Jagadish Singh (8) Sarju Singh (9) Kedar Singh (10) Parvat Singh (11) Darwka Singh (12) Gopal Singh (13) Narayan Singh (14) Parvat Singh No. 2 (15) Jamuna Singh (16) Bandhu Singh (17) Jublal Singh (18) Laldhari Singh (19) Kailu Singh (20) Narayan Singh No. 2.

(2) If not, to what relief are the said workmen entitled?

[No. 20/6/67-LR.I.]

**S.O. 3364.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Central Bank of India Limited, Agra and their workmen in respect of the matter specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by section 7A and clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby constitutes an Industrial Tribunal of which Shri Mithan Lal shall be the Presiding Officer, with headquarters at Allahabad and refers the said dispute for adjudication to the said Tribunal.

#### SCHEDULE

Whether the action of the management of the Central Bank of India Limited, Belanganj, Agra in terminating, with effect from the 1st June, 1967, the services of Shri K. D. Kaushik, Clerk-cum-typist at Etawah Branch of the Bank, was justified? If not, to what relief is the workman entitled?

[No. 51/44/67/LR.III.]

**S.O. 3365.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Central Bank of India Limited, Lucknow and their workmen in respect of the matter specified in the Schedule hereto annexed;

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by section 7A and clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby constitutes an Industrial Tribunal of which Shri Mithan Lal shall be the Presiding Officer, with headquarters at Allahabad and refers the said dispute for adjudication to the said Tribunal.

#### SCHEDULE

Whether the action of the management of the Central Bank of India Limited, Lucknow in refusing to allow Shri Ran Bahadur Singh, peon in their branch at Gorakhpur to officiate as Jamadar from May 1967, is justified? If not to what relief is he entitled?

[No. 51/40/67/LRIII.]

**S.O. 3366.**—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Polipathar Clay Mine of Perfect Pottery Company Ltd. Jabalpur and their workmen in respect of the matter specified in the Schedule hereto annexed,

And, whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Jabalpur constituted under section 10 of the said Act.

#### SCHEDULE

“Whether the employers in relation to the Polipathar Clay Mine of Perfect Pottery Company Limited, Jabalpur (Madhya Pradesh) were justified in closing the said mine and retrenching the following 81 workers with effect from the 1st July, 1967.

If not, to what relief are the workmen entitled?

Sl. No.	Name	Father's Name	Ticket No
1	Shri Ram Prasad	Mansaram	878
2	Shri Hiralal	Kamla Prasad	788
3	Shri Baredi	Padma	551
4	Shri Pardeshi	Bhulai	760
5	Shri Mannu	Mohan	871
6	Shri Mohan	Sodhu	880
7	Shri Fatte	Chhidami	809
8	Shri Ramesh	Ram Ratan	888
9	Shri Jageshwar	Ramadhar	900
10	Shri Kodu	Mool Chand	876
11	Shri Indrabhan	Ramdeo	910
12	Shri Mangal	Gajal	963
13	Shri Bhura	Sukhdeo	754
14	Shri Rampati	Deo Sharan	797
15	Shri Kunware	Jugga	814
16	Shri Samna	Sukhdeo	815
17	Shri Moti Lal	Ram Kumar	867
18	Shri Houla bux	Sheikh Md.	700
19	Shri Samna	Birbal	752
20	Shri Mithai Lal	Laloo	757



Sl. No.	Name	Father's Name	Ticket No.
21	Shri Shyam	Ramadhin	767
22	Shri Kandhilal	Sheodin	768
23	Shri Budai	Gayadin	770
24	Shri Achchhe Lal	Mahadeo	771
25	Shri Sheopal	Sheodhare	776
26	Shri Ayodhya Prasad	Vasudeo	781
27	Shri Dwarka	Kamla	782
28	Shri Surajbhan	Ghutku	784
29	Shri Jodha	Bishram	785
30	Shri Ramdulare	Harmohan	788
31	Shri Charan Lal	Sujhelal	789
32	Shri Chhotelal	Rambas	792
33	Shri Bakhat Singh	Todar Singh	796
34	Shri Bharosa	Kallo	809
35	Shri Ghurai	Mangal	820
36	Shri Kashi	Mahadeo	832
37	Shri Hanuman	Ramadhin	841
38	Shri Jagatdeo	Girdhari	844
39	Shri Baijnath	Ram Manohar	845
40	Shri Mahesh	Rameshwar	846
41	Shri Sukhdeo	Baldeo	848
42	Shri Bishesar	Sadhoo	850
43	Shri Sonelal	Chunnilal	855
44	Shri Paramlal	Hemraj	856
45	Shri Sukhlal	Mangal	858
46	Shri Jagdeo	Jodhan	859
47	Shri Daddilal	Buddha	865
48	Shri Shyamlal	Tilakoo	866
49	Shri Phool Chand	Kunnoo	875
50	Shri Ramdulare	Buddha	884
51	Shri Dulichand	Ghasi	887
52	Shri Bakhedi	Baraiya	889
53	Shri Baboolal	Badri	891
54	Shri Raghunath	Kalka	894
55	Shri Jugga	Danga	895
56	Shri Ganga Prasad	Sheobalak	899
57	Shri Ram Lakhan	Mouni	901
58	Shri Bhura	Sukhlal	905
59	Shri Pancham Puri	Chhote Puri	906
60	Shri Surajdin	Devi	907
61	Shri Mani	Lalla	915
62	Shri Ramphal	Chunni	916
63	Shri Vishwanath	Shanker	918
64	Shri Dasaiya	Rama	927
65	Shri Tikaram	Lukai	957
66	Shri Bihari	Pusu	964
67	Shri Munna Singh	Kandhi Singh	1150
68	Shri Ramesh	Mahadeo	1170
69	Shri Gouri Shanker	Shikhtoo	1171
70	Shri Kishori Lal	Jamuna	1172
71	Shri Ramdhani	Mahabir	1176
72	Shri Soore	Binte	1181
73	Shri Murari	Binte	1184
74	Shri Chunnilal	Dharampal	1185
75	Shri Lakkanlal	Patiram	1186
76	Shri Amritlal	Durjan	1187
77	Shri Awaseri	Murli	1191
78	Shri Phool Chand	Mandar	1192
79	Shri Ram Bishal	Ganga Ram	1193
80	Shri Nanhelal	Jhunni	1196
81	Shri Teji Lal	Shankar	1197

## (Department of Labour and Employment)

*New Delhi, the 14th September 1967*

**S.O. 3367.**—In exercise of the powers conferred by sub-section (1) of section 83 of the Mines Act, 1952 (35 of 1952), the Central Government hereby exempts women employed in concreting work at Barsua Iron Ore Mine of M/s. Hindustan Steel Limited, from the operation of the provisions of section 46 of the said Act in so far as the said provisions prohibit the employment of women on surface after 7.00 P.M. subject to the conditions that no woman so exempted shall be permitted to be employed in such work between the hours of 10.00 P.M. and 5.00 A.M. and that the periods of work of every such woman shall be so arranged that there shall be an interval of not less than eleven hours between successive periods of work.

[No. 6/4/67-M-I.]

J. D. TEWARI, Under Secy.

## (Department of Labour and Employment)

*New Delhi, the 15th September 1967*

**S.O. 3368.**—In exercise of the powers conferred by clause (a) of sub-section (3) of section 17 of the Employees' Provident Funds Act, 1952, (19 of 1952), the Central Government hereby directs that every employer in relation to an establishment exempted under clause (a) or clause (b) of sub-section (1) of section 17 of the said Act, or in relation to an employee or a class of employees exempted under paragraph 27, or as the case may be, paragraph 27A, of the Employees' Provident Funds Scheme, 1952,—

(1) shall invest every month within a period of fifteen days of the date of collections not less than 80 per cent (eighty per cent.) of the provident fund accumulations in respect of the employees in such establishment, or such employee or as the case may be, such class of employees, which are available after making provision for refunds to outgoing members or their nominees or heirs, in Government securities (hereinafter referred to as 'Central Government securities') as defined in sub-clause (i) or sub-clause (ii) of clause (a) of sub-section (2) of section 2 of the Public Debt Act, 1944 (18 of 1944), being securities created and issued by the Central Government;

(2) shall invest within the period specified in direction (1) above the balance of the said accumulations which are so available in any Government security (whether created and issued by the Central Government or by any State Government) referred to in clause (a) of the said sub-section (2) of section 2 of the Public Debt Act, 1944 (18 of 1944) or in any Savings or other Certificates issued by the Central Government;

(3) shall not re-invest such accumulations (whether invested in securities created and issued by the Central Government or in certificates issued by the Central Government or in securities created and issued by a State Government) in any securities other than 'Central Government securities';

(4) shall not convert any securities or certificates referred to in direction (3) in which such accumulations have been invested into any securities other than 'Central Government securities'; and

(5) shall formulate proper procedure for prompt investment of such accumulations in accordance with the aforesaid directions and shall have it approved by the Regional Provident Fund Commissioner concerned.

[No. 36(7)/67-PF-I.]

P. SADAGOPAN, Dy. Secy.

## (Department of Labour and Employment)

*New Delhi, the 19th September 1967*

**S.O. 3369.**—In exercise of the powers conferred by sub-section (3) of section 1 of the Employees' State Insurance Act, 1948 (34 of 1948), the Central Government hereby appoints the 24th day of September, 1967 as the date on which the

provisions of Chapter IV (except sections 44 and 45 which have already been brought into force) and Chapters V and VI [except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force] of the said Act shall come into force in the following area in the State of Kerala, namely:—

The area comprising the revenue village of Kodumba in the Palghat Taluk in the Palghat District in the State of Kerala.

[File No. 13(14)/67-HL.]

H. C. MANGHANI, Under Secy.

## MINISTRY OF INFORMATION & BROADCASTING

New Delhi, the 11th September 1967

**S.O. 3370.**—In exercise of the powers conferred by Section 5(1) of the Cinematograph Act, 1952 and sub-rule (3) of rule 8 read with sub-rule 2 of rule 9 of the Cinematograph (Censorship) Rules, 1958, the Central Government hereby appoints following persons as members of the Advisory Panel of the Central Board of Film Censors at Madras with immediate effect.

1. Smt. Indira S. Mehta
2. Dr. T. N. Ramachandran
3. Shri T. S. Pattabiraman
4. Shri K. R. Sundararajan

[No. 11/3/65-F(C).]

H. C. KHANNA, Dy. Secy.

## ORDERS

New Delhi, the 8th September 1967

**S.O. 3371.**—In pursuance of the Directions issued under the provisions of the enactments specified in the First Schedule annexed hereto the Central Government after considering the recommendations of the Film Advisory Board, Bombay hereby approves the film specified in column 2 of the Second Schedule annexed hereto in all its language versions to be of the description specified against it in column 6 of the said Second Schedule.

### THE FIRST SCHEDULE

- (1) Sub-section (4) of the Section 12 and Section 16 of the Cinematograph Act, 1952 (Central Act XXXVII of 1952).
- (2) Sub-section (3) of Section 5 and Section 9 of the Bombay Cinemas (Regulation) Act, 1953 (Bombay Act XI of 1953).
- (3) Sub-section (4) of Section 5 and Section 9 of the Saurashtra Cinemas (Regulation) Act, 1953 (Saurashtra Act XVII of 1953).

### THE SECOND SCHEDULE

S. No	Title of the film	Length 35mm	Name of the Applicant	Name of the producer	Whether a Scientific film or a film intended for educational purposes or a film dealing with news and current events or a documentary film
1	2	3	4	5	6
1	Maharashtra News No. 183	284M	Director of Publicity, Government of Maharashtra, Bombay.		Film dealing with news and current events (For release in Maharashtra Circuit only)

[No. F. 24/1/67-FP App. 1192.]

**S.O. 3372.**—In pursuance of the directions issued under the provisions of each of the enactments specified in the First Schedule annexed hereto, the Central Government after considering the recommendations of the Films Advisory Board, Bombay hereby approved the films specified in column 2 of the Second Schedule

annexed hereto in Gujarati to be of the description specified against each in column 6 of the said Second Schedule.

#### THE FIRST SCHEDULE

- (1) Sub-section 4 of the Section 12 and Section 16 of the Cinematograph Act, 1952 (Central Act XXXVII of 1952).
- (2) Sub-section (3) of Section 5 and Section 9 of the Saurashtra Cinemas (Regulation) Act, 1953 (Saurashtra Act XVII of 1953).
- (3) Sub-section (4) of Section 5 and Section 9 of the Bombay Cinemas Regulation Act, 1953 (Saurashtra Act XVII of 1953).

#### THE SECOND SCHEDULE

S. No	Title of the film	Length 35mm	Name of the Applicant	Name of the Producer	Whether a scientific film or a film intended for educational purposes or a film dealing with news and current events or a documentary film.
1	2	3	4	5	6
1*	Mahiti-chitra No. 84	198·12M	Director of Information, Government of Gujarat, Ahmedabad.		Film dealing with news and current events (For release in Gujarat Circuit only).
2	Sabarkar-tha Vikas Darshan	599·54M		Do.	Documentary film (For release in Gujarat Circuit only).
3	Rakhe Chetrata	304·50M		Do.	Film intended for educational purposes (For release in Gujarat Circuit only).

[No. F. 24/1/67-FP App. 1193.]

**S.O. 3373.**—In pursuance of the Directions issued under the provisions of each of the enactments specified in the First Schedule annexed hereto the Central Government after considering the recommendations of the Film Advisory Board, Bombay hereby approves the film specified in column 2 of the Second Schedule annexed hereto in Hindi to be of the description specified against it in column 6 of the said Schedule.

#### THE FIRST SCHEDULE

- (1) Sub-section (4) of Section 5 of the Uttar Pradesh Cinemas (Regulation) Act, 1955 (Uttar Pradesh Act No. 3 of 1956).

#### THE SECOND SCHEDULE

S. No	Title of the film	Length 35mm	Name of the Applicant	Name of the producer	Whether a scientific film or a film intended for educational purposes or a film dealing with news and current events or a documentary film
2	3	4	5	6	
1	Aie Mere Bachche	298·70m	Director of Information, Government of Uttar Pradesh, Lucknow.		Documentary film (For release in U. P. circuit only).

[No. F. 24/1/67-FP App. 1194.]

**S.O. 3374.**—In pursuance of the directions issued under the provisions of each of the enactments specified in the First Schedule annexed hereto, the Central Government after considering the recommendation of the Film Advisory Board, Bombay hereby approves the film specified in column 2 of the Second Schedule annexed hereto in all its language versions to be of the description specified against it in column 6 of the said Second Schedule.

**THE FIRST SCHEDULE**

- (1) Sub-section (2) of Section 5 of the Assam Cinemas (Regulation) Act, 1953 (Assam Act XIV of 1953).

**THE SECOND SCHEDULE**

S. No.	Title of the film	Length 35mm	Name of the Applicant	Name of the Producer	Whether a scientific film or a film intended for educational purposes or a film dealing with news and current events or a documentary film
1	2	3	4	5	6
I	Sonali Dhananir Sadhu	457 M	Director of Information & Public Relations, Govt. of Assam, Shillong.		Documentary film (For release in Assam Circuit only).

[No. F. 24/1/67-FP App. 1195.]

*New Delhi, the 14th September 1967*

**S.O. 3375.**—In pursuance of the directions issued under the provisions of each of the enactments specified in the First Schedule annexed hereto the Central Government after considering the recommendations of the Film Advisory Board, Bombay hereby approves the film specified in column 2 of the Second Schedule annexed hereto in Gujarati to be of the description specified against it in column 6 of the said Second Schedule.

**THE FIRST SCHEDULE**

- (1) Sub-Section 4 of the Section 12 and Section 16 of the Cinematograph Act, 1952 (Central Act XXXVII of 1952);  
 (2) Sub-Section (3) of Section 5 and Section 9 of the Saurashtra Cinemas (Regulation) Act, 1953 (Saurashtra Act XVII of 1953);  
 (3) Sub-Section (4) of Section 5 and Section 9 of the Bombay Cinemas (Regulation) Act, 1953 (Saurashtra Act XVII of 1953).

**THE SECOND SCHEDULE**

S. No.	Title of the film	Length 35mm	Name of the Applicant	Name of the Producer	Whether a Scientific film or a film intended for educational Purposes or a film dealing with news and current events or a documentary film.
1	2	3	4	5	6
(I)	Turang No Kasabi	279.31 M	Director of Information, Government of Gujarat, Ahmedabad,		Documentary film (For release in Gujarat Circuit only).

[No. F. 24/1/67-FP App. 1199].

**BANU RAM AGARWAL**, Under Secy.

## MINISTRY OF COMMERCE

New Delhi, the 13th September 1967

**S.O. 3376.**—In exercise of the powers conferred under sub-section (1) of Section 6 of the Central Silk Board Act, 1948 (61 of 1948), the Central Government hereby appoints Shri Mahabir Dass, Member, Rajya Sabha and Member of the Central Silk Board as Vice-Chairman of the Central Silk Board for the period upto and including the 12th May, 1969.

[No. F. 22/1/67-Tex(G).]

K. SRINIVASAN, Dy. Secy.

(Office of the Jt. Chief Controller of Imports and Exports)

## ORDERS

Bombay, the 24th July, 1967

**SUBJECT.**—Order for cancellation of Custom copy of the licence No. P/CG/2053323 dated 10th November, 1965, issued in favour of M/s. The Government Woollen Mills, Srinagar, Kashmir.

**S.O. 3377.**—M/s. The Government Woollen Mills, Kashmir was granted an import licence No. P/CG/2053323 dated 10th November, 1965, for Rs. 18,66,033 for the import of woollen textiles machinery from Belgium under Belgian Credit (Deferred Payment Terms) for the licensing period AM 65. They have applied for a duplicate custom copy of the licence on the ground that the original custom copy of the licence has been lost or misplaced. It is further stated that the original licence was not registered with any Customs House and not utilised.

2. In support of this contention, the applicant has filed an affidavit on a stamped paper duly attested before the Justice of Peace, Greater Bombay. I am satisfied that the original custom copy of the licence No. P/CG/2053323 dated 10th November, 1965, has been lost or misplaced and direct that a duplicate custom copy of the licence should be issued to the applicant. The original custom copy of the licence No. P/CG/2053323 dated 10th November, 1965, is cancelled.

[No. V.]

Bombay, the 27th July 1967

**SUBJECT.**—Order for cancellation of Customs purposes copy of licence No. P/ss/1530048 dated 12th February, 1965, for Rs. 1,688 issued in favour of M/s. New Poona Industries, Bombay Poona Road, Mile No. 103/2, S. No. 227 and 228/1, Post Pimpri Penicillin Factory Pimpri, Dist. Poona, Mah. State.

**S.O. 3378.**—M/s. New Poona Industries, Poona was granted an import licence No. P/ss/1530048 dated 12th February, 1965, for Rs. 1,688 for the import items shown on the reverse of this order for the licensing period AM-65 from G.C.A. They have applied for a duplicate copy of the licence on the ground that the original Customs purposes copy of the licence has been lost or misplaced. It is further stated that the original licence was registered with Bombay Customs House and was utilised for Rs. 1264.

2. In support of this contention, the applicant has filed an affidavit on a stamped paper duly attested before P. M. Dandekar, Notary, Maharashtra State I am satisfied that the original licence No. P/ss/1530048 dated 12th February, 1965, has been lost or misplaced and direct that a duplicate Customs purposes copy of the licence should be issued to the applicant. The original licence No. P/ss/1530048 dated 12th February, 1965, is cancelled.

[No. 3.]

Bombay, the 11th August 1967

**SUBJECT.**—Order of cancellation of Customs purposes copy or licence No. P/ss/1554658 dated 25th August, 1966, for Rs. 43,648 issued in favour of M/s. U.K. Roller Flour Mills, 263, Central Avenue Road, Scheme, Lakadganj Lay out, Nagpur-2.

**S.O. 3379.**—M/s. U.K. Roller Flour Mills, Nagpur was granted an import licence No. P/ss/1554658 dated 25th August, 1966 for Rs. 43,648 for the import items shown on the reverse of this order for the licensing period AM-67 from B.C.A. They have applied for a duplicate copy of the licence on the ground that the original Customs purposes copy of the licence has been lost or misplaced. It is further stated that the original licence was not registered with any Customs House and not utilised.

2. In support of his contention, the applicant has filed an affidavit on a stamped paper duly attested before the Court of the Taluka Magistrate, Nagpur. I am satisfied that the original licence No. P/ss/1554658 dated 25th August, 1966, has been lost or misplaced and direct that a duplicate Customs purposes copy of the licence should be issued to the applicant. The original licence No. P/ss/1554658 dated 25th August, 1966, is cancelled.

[No. 4.]

SMT. M. D' COSTA,

Dy. Chief Controller of Imports & Exports  
for Jt. Chief Controller of Imports and Exports..

(Office of the Chief Controller of Imports and Exports, New Delhi)

#### ORDER

New Delhi, the 8th September 1967

**S.O. 3380.**—M/s. Philips India Ltd., Calcutta were granted an Import Licence No. G/DG/2100430/C/XX/17-18/CH/17-18, dated 4th December, 1963 for Rs. 6,584 for the import of spare parts for Speech input equipment falling under 78(VIII)/V of the I.T.C. Schedule. As the above licence which has not been fully utilised has expired on 30th May, 1964 with an un-utilised balance, both the copies of it are hereby cancelled.

[No. F. 132-P/Cont./63-64/GLS/592.]

New Delhi, the 11th September 1967

**S.O. 3381.**—M/s. The S. K. F. Ball Bearing Co. Pvt. Ltd., Bombay were granted an Import Licence No. G/RC/2083416/R/IB/20/CH/19-20, dated 25th November, 1964 for Rs. 3,720, for the import of 4 Nos. Axle Box Housing Complete as per Drg. No. Z-4107-A falling under 65(5)(iii)/V of the I.T.C. Schedule. As Controller of Stores, Southern Railway, Madras has cancelled the Railway Order No. EAI/142/S/7972, dated 12th October, 1964 both the copies of the above Import Licence, which have not been utilized, are hereby cancelled.

[No. 190-S/Rly./64-65/GLS/602.]

S. A. SESHAN,

Deputy Chief Controller of Imports and Exports  
for Chief Controller of Imports and Exports:

#### MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION

(Department of Food)

New Delhi, the 18th September 1967

**S.O. 3382.**—In exercise of the powers conferred by section 42 of the Warehousing Corporation Act, 1962 (58 of 1962), the Central Warehousing Corporation,

with the previous sanction of the Central Government, hereby makes the following regulations further to amend the Central Warehousing Corporation Employees' Provident Fund Regulations, 1962, namely:—

1. (1) These regulations may be called the Central Warehousing Corporation Employees' Provident Fund (Amendment) Regulations, 1967.

(2) These regulations shall come into force on the date of their publication in the Official Gazette.

2. In the Central Warehousing Corporation Employees' Provident Fund Regulations, 1962, (hereinafter referred to as the said regulations), in regulation 7,—

(i) in clause (b), the words "or from the beginning of the month following that in which he completes his period of probation whichever is later" shall be omitted:

(ii) in the proviso, for the words "other than casual remuneration from the Corporation", the words "remuneration from the Corporation, other than casual remuneration," shall be substituted.

3. In the said regulations, for regulation 10, the following regulation shall be substituted, namely:—

"10. *Corporation's contribution*:—Save as otherwise provided, the Corporation shall contribute to the Fund every month as employer's contribution an amount equal to the amount subscribed by each of the subscribers:

Provided that the amount contributed by the Corporation in respect of any subscriber shall not exceed  $8\frac{1}{3}$  per cent of the pay earned by the subscriber during that month:

Provided further that the Corporation shall not be liable to make any such contribution in respect of a subscriber who has been permitted to subscribe to the Fund under the proviso to regulation 7."

[No. F.26-8/67-SG.II.]

DEVAKI NANDAN GOYAL, Under Secy.

(Department of Agriculture)

New Delhi, the 4th September 1967

S.O. 3383.—In exercise of the powers conferred by section 3 of the Agricultural Produce (Grading and Marking) Act, 1937 (1 of 1937), the Central Government hereby makes the following rules further to amend the Cotton Grading and Marking Rules, 1962, the same having been previously published as required by the said section, namely:—

1. These rules may be called the Cotton Grading and Marking (Amendment) Rules, 1967.

2. In the Cotton Grading and Marking Rules, 1962, in the Table under Schedule I, against item VIII, after entry 9 in column 2, the following entry shall be inserted, namely:—

"10 Suyodhar".

[No. 13-9/67-AM.]

New Delhi, the 13th September 1967

S.O. 3384.—The following draft of certain rules further to amend the Cardamom Grading and Marketing Rules, 1962, which the Central Government proposes to make, in exercise of the powers conferred by section 3 of the Agricultural Produce (Grading and Marking) Act, 1937 (1 of 1937) are published, as required by the said section for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration on or after the 10th October, 1967.

Any objections or suggestions which may be received from any person with respect to the said draft before the date aforesaid, will be considered by the Central Government.



*Draft Rules*

1. These rules may be called the Cardamom Grading and Marking (Amendment) Rules, 1967.

2. In the Cardamom Grading and Marking Rules, 1962,—

(1) in rule 1, for sub-rule (2), the following sub-rule shall be substituted, namely:—

“(2) They shall apply to Cardamom (*Elettaria cardamom*) (capsules, seeds and powder) produced in India;”

(ii) in rule 3, for the words and figures “Schedules I to VI”, the words, figures, and letter “Schedule I to VIA” shall be substituted;

(iii) in rule 4, for the words and figures “Schedule I to VI” the words, figures, and letter “Schedules I to VIA” shall be substituted;

(iv) for rules 5 and 6, the following rules shall be substituted, namely:—

“5. *Grade designation marks*:—

(1) The grade designation mark in the case of cardamom (Capsules, seeds and powder) packed in polythene or paper bags shall consist of a design incorporating the number of the certificate of authorisation, the word “Agmark” and the grade, approved by the Agricultural Marketing Adviser.

(2) The grade designation mark in the case of Cardamom (Capsules, seeds and powder) packed in tin or glass containers shall consist of a paste-on label, specifying the grade designation and bearing the design of a map of India with the word “Agmark”.

(3) The grade designation mark in the case of Cardamom (Capsules, seeds and powder) packed in containers of Jute or Cloth or Wooden cases as also in containers in which sealed polythene bags of graded cardamom (Capsules, Seeds and Powder) are packed, shall consist of label specifying the grade designation and bearing a design consisting of an outline map of India with the word “Agmark” and the figure of the rising sun with the words ‘Produce of India’ and (‘भारतीय उत्पाद’) resembling the one as set out in Schedule VII.

6. *Methods of Marking*:—

(1) The grade designation mark shall be securely affixed to or printed on each container in a manner approved by the Agricultural Marketing Adviser.

(2) In addition to the above, the following particulars shall also be clearly and indelibly marked on each containers:—

(a) Date of packing in code or plain letters,

(b) Lot number, and

(c) Net weight.

(3) An authorised packer may, after obtaining the prior approval of the Agricultural Marketing Adviser, mark his private trade mark on a container, in a manner approved by the said officer, provided that the private trade mark does not represent a quality or grade different from that indicated by the grade designation mark affixed to or printed on the container in accordance with these rules.”

(4) after Schedule VI, the following schedule VIA shall be added, namely:—

SCHEDULE VI-A.

(See rules 3 and 4)

*Grade designation and definitions of quality of Cardamom powder.*

Grade Designation	Special Characteristics.			General Characteristics
	Moisture percent by weight Max.	Total ash percent by weight Max.	Ash insoluble indilute Hcl percent by weight Max.	
1	2	3	4	5
Standard	14.0	8.0	3.0	<p>1. Cardamom powder shall be the material obtained from the Seeds separated from the capsules of <i>Electaria cardamomum</i> (L).</p> <p>2. It shall be free from admixture, from mould growth, from insect infestation or musty odour.</p> <p>3. It shall be free from coarse particles and ground to such a fineness that the whole of it passes through a 500 micron sieve.</p>

[No. F. 13-21/67-AM.]

E. K. BALASUNDARAM, Under Secy.

(Department of Co-operation)

New Delhi, the 5th September 1967

**S.O. 3385.**—In exercise of the powers conferred by Section 5B of the Multi-Unit Co-operative Societies Act, 1942 (6 of 1942) and in supersession of the former Ministry of Community Development and Co-operation (Department of Co-operation) Notification No. 3-14/64-CT, dated the 29th/30th January, 1965, the Central Government hereby directs that all the powers or authority exercisable by the Central Registrar of Co-operative Societies under the said Act, shall also be exercisable by Shri R. Pasupathi, Director of Industries and Commerce, Madras, in respect of the Multi-Unit Industrial Co-operative Societies which are or are deemed to be actually registered in the State of Madras, subject to the condition that any proposal for registration of new Multi-Unit Industrial Societies or amendment to the bye-laws of existing or new Multi-Unit Societies shall have the prior approval of the Central Government.

[No. 7-13/66-Credit ]

**S.O. 3386.**—In exercise of the powers conferred by Section 5-B of the Multi-Unit Co-operative Societies Act, 1942 (6 of 1942) and in supersession of the Ministry of Food, Agriculture, Community Development and Co-operation (Department of Co-operation), Notification No. 7-13/66-Credit, dated the 2nd January, 1967, the Central Government hereby directs that the following amendment shall be made in the Notification of the Government of India in the former Ministry of Community Development and Co-operation (Department of Co-operation), No. S.O.

1593, dated the 28th June, 1961, published at page 1555 of Part II, Section 3(ii) of the Gazette of India of the 8th July, 1961, namely:—

In the said Notification against Serial No. 18, for the entry "Shri D. K. Jain", the entry "Shri Bishan Dass" shall be substituted.

[No. 7-13/66-Credit.]

V. V. NATHEN, Dy. Secy.

### (Indian Council of Agricultural Research)

New Delhi, the 16th September 1967

S.O. 3387.—In pursuance of Regulation 2(iv) of the Standing Finance Committee Regulations, 1940, Dr. K. Ramiah, Vice Chancellor, Orissa University of Agriculture and Technology, Bhubaneswar, and a member of the Governing Body of the Indian Council of Agricultural Research has been elected by that Body to be a member of the Standing Finance Committee of the Council for a period of one year with effect from the 30th May, 1967, or till such time as his successor is duly elected by that Body, whichever is later.

[No. 35(1)/67-CDN(I).]

R. B. JAIN, Under Secy.

### भारतीय कृषि अनुसंधान परिषद्

नई दिल्ली, 16 सितम्बर 1967

एस० न० 3388—स्थई वित्त समिति की नियमावली, 1940 के नियम 2 (4) का अनुकरण करते हुए डॉ० के० रमैया, उपकुलपति, उड़ीसा कृषि एवं प्रौद्योगिक विश्वविद्यालय, भुवनेश्वर तथा भारतीय कृषि अनुसंधान परिषद् की शासीनिकाय के सदस्य, को उसी निकाय द्वारा परिषद् की स्थई वित्त समिति का सदस्य वित्तिक 30 मई, 1967 से एक वर्ष की अवधि के लिए अथवा उस समय तक जबकि उस निकाय द्वारा इनका उत्तराधिकारी निर्वाचित कर लिया जाय, इन में जो भी बाद में है, निर्वाचित कर लिया गया है।

[सं० 35 (1)/67-सी०डी० एन० (1)]

आर० बी० जैन, अवर सचिव।

### DEPARTMENT OF COMMUNICATIONS

(P. and T. Board)

New Delhi, the 31st August 1967

S.O. 3389.—In exercise of the powers conferred by sub-rule (2) of rule 9, clause (b) of sub-rule (2) of rule 12, and sub-rule (1) of rule 24, read with rule 34, of the Central Civil Services (Classification, Control and Appeal) Rules, 1965, the President hereby makes the following further amendments in the Notification of the Government of India in the late Ministry of Communications (Posts and Telegraphs) No. S.R.O. 620, dated the 26th February, 1967, namely:—

In the Schedule to the said Notification, in Part II—General Central Service, Class III, under the heading "Office of Managers, Telegraphs/Telephones Workshops", against the entry "Draftsman Grade I; Building Overseer; Welfare Superintendent; Assistant Supervisory Test Clerk; Inspector of Watch and Ward; Nurse;

Electrician; Head Test Clerk" in column 1, below the existing entries "Manager, Workshops", "All" and "General Manager, Posts and Telegraphs Workshops" occurring respectively in columns 3, 4 and 5, the following entries shall respectively be inserted, namely:—

3	4	5
"Officers of General Central Service Class I, in Senior Time Scale.	(i) to (iv)	Manager Workshops".

[No. 7-7/67-WK.]

K. BHARATHAN,  
Asstt. Director General (SG.)

(P. &amp; T. Board)

New Delhi, the 16th September 1967

S.O. 3390.—In exercise of the powers conferred by section 21 of the Indian Post Office Act, 1898 (6 of 1898), the Central Government hereby makes the following rule further to amend the India Post Office Rules, 1933, namely:—

1. These rules may be called the Indian Post Office (Ninth Amendment) Rules, 1967.

2. In rule 183 (b) of the Indian Post Office Rules, 1933, for the words "Madras, Mysore" the words "Madras, Meerut, Mysore" shall be substituted.

[No. 24/3/67-CI.]

DALJINDER SINGH,  
Director Postal Technical.

## CENTRAL BOARD OF DIRECT TAXES

### INCOME-TAX

New Delhi, the 12th September 1967

S.O. 3391.—In exercise of the powers conferred by sub-section (1) of Section 122 of the Income-tax Act, 1961 (43 of 1961) and all other powers enabling it in that behalf, the Central Board of Direct Taxes, New Delhi, hereby makes the following amendments in the schedule appended to its Notification No. 52, dated 7th July, 1967, namely:—

I. Against A-Range, Nagpur under column (2) the following entries shall be added:—

- (14) Incometax Officer, Assessment-I, Nagpur.
- (15) Incometax Officer, Assessment-II, Nagpur.
- (16) Incometax Officer, Assessment-V, Nagpur.
- (17) Incometax Officer, Administration, Nagpur.
- (18) Incometax Officer, Collection, Nagpur.
- (19) Incometax Officer, Central Circle-I, Nagpur.
- (20) Incometax Officer, Central Circle-II, Nagpur.
- (21) Incometax Officer, Central Circle-III, Nagpur.

II. Against B-Range, Nagpur under column (2) the following entries shall be added:

- (6) Incometax Officer, Assessment-III, Nagpur.
- (7) Incometax Officer, Assessment-IV, Nagpur.
- (8) Incometax Officer, Assessment-VI, Nagpur.
- (9) Incometax Officer, Assessment-VII, Nagpur.

111. Against Raipur Range, Raipur under column (2) the following entries shall be added:

- (10) Incometax Officer, Assessment-I, Raipur.
- (11) Incometax Officer, Assessment-II, Raipur.
- (12) Incometax Officer, Assessment-III, Raipur.
- (13) Incometax Officer, Assessment-IV, Raipur.
- (14) Incometax Officer, Administration and Collection, Raipur.
- (15) Incometax Officer, Jagdalpur.

This Notification shall take effect from 12th September, 1967.

*Explanatory Note*

The amendments have become necessary on account of the creation of new wards by abolishing the existing incometax circles and wards at Nagpur and Raipur in the Commissioner's charge and also on account of opening of a new Incometax Circle at Jagdalpur.

(The above note does not form part of the notification, but is intended to be merely clarificatory).

[No. 99 (F. No. 50/20/67-ITJ).]

*New Delhi, the 13th September 1967*

**S.O. 3392.**—In exercise of the powers conferred by sub-section (i) of Section 122 of the Income-tax Act, 1961 (43 of 1961) and of all other powers enabling it in that behalf, the Central Board of Direct Taxes hereby makes the following amendments in the Schedule appended to its Notification No. 61-Income-tax, dated the 21st June, 1966, namely:—

In the said schedule against 'B' Range, Madras under Column 2, the following shall be substituted, namely:

'B' Range, Madras

1. City Circle II (All Sections), Madras
2. Salaries Circle, Madras.
3. Salaries Circle I, Madras.
4. Salaries Circle II, Madras.
5. Special Survey Circle (All Sections), Madras
6. Special Investigation Circle 'A', Madras.
7. Special Investigation Circle 'B', Madras
8. Tax Recovery Circle, Madras.
9. Central Circles I, II, III, IV, V, VI, VII, VIII, IX and X, Madras
10. City Circle VII (all Sections), Madras.

*Explanatory Note*

The amendments have become necessary on account of creation of a new Central Circle X at Madras.

(The above note does not form a part of the notification but is intended to be merely clarificatory).

[No. 100 (F. No. 50/138/67-ITJ).]

P. G. GANDHI, Under Secy.

**ESTATE DUTY**

*New Delhi, the 18th September 1967*

**S.O. 3393.**—In exercise of the powers conferred by the second proviso to sub-section (2) of section 4 of the Estate Duty Act, 1953 (34 of 1953), the Central Board of Direct Taxes hereby directs that the Income-tax Officer appointed as Additional Assistant Controller of Estate Duty and posted to the Estate Duty cum Income-tax Circle, Hyderabad shall perform his functions as an Assistant

Controller of Estate Duty to the exclusion of the Assistant Controller of Estate Duty. Estate Duty cum Income-tax Circle, Hyderabad, in respect of such estates or classes of estates as may be assigned to him.

2. This notification shall come into force on the 23th day of September, 1967.

[No. 17—F.No. 21/94/67—E.D.]

G. R. HEGDE, Secy.

## CENTRAL BOARD OF EXCISE AND CUSTOMS

### CUSTOMS

*New Delhi, the 23rd September 1967*

**S.O. 3394.**—In exercise of the powers conferred by section 9 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise and Customs hereby declares Jullunder in the State of Punjab to be a warehousing station.

[No. 97/67—Customs F. No. 3/44/67—Cus. VII.]

M. S. SUBRAMANYAM, Under Secy.

## CENTRAL EXCISE COLLECTORATE

### MANUFACTURED PRODUCTS

*Baroda, the 21 August 1967*

**S.O. 3395.**—In exercise of the powers conferred on me under Rule 5 of the Central Excise Rules 1944, I empower the officers of Central Excise Collectorate, Baroda, not below the rank specified in column No. 4 of the table, to exercise, within their jurisdiction, the power of the "Collector" under Rules mentioned in column No. 3 in the said table.

TABLE

S. No.	Nature of powers conferred on Collectors	Rule No.	Collectors powers delegated to all officers not below the rank of Superintendent.
(1)	(2)	(3)	(4)
1	To accept first A. S. P. application for full period for which special procedure can be availed of.	96ZA(1)	Superintendents.
2	To accept first A. S. P. application for a period less than the prescribed period.	96ZA(2)	Do.
3	To determine the period for which a manufacturer may be precluded from working under the special procedure for failure to give proper notice for not availing of such procedure during the period for which permission has been granted to him.	96ZA(3)	Assistant Collector.
4	(a) To accept renewal application in form A. S. P.	96ZA(4)	Superintendent.
	(b) To condone delay in submission of A. S. P. application for renewal	do.	(i) Superintendent for condoning delays not exceeding 15 days. (ii) Assistant Collector for condoning delays exceeding 15 days.

(1)	(2)	(3)	(4)
5	To condone delay in submission of application for removal in form A. R. 6 and to condone delays in making monthly deposits.	96ZD(2)	(i) Superintendent for condoning delays not exceeding 5 days. (ii) Assistant Collector if the delay exceeds the limits under (i) above.
6	To impose following penalties for mis-declaration etc. (i) to demand duty at full rate (ii) to confiscate goods (iii) to impose penalty not exceeding R. 2,000/-	96ZH(i) 96ZH(ii) 96ZH(iii)	Adjudicating Officers in accordance with their limits of powers.

[No. 6/67.]

A. R. SHANMUGAM, Collector.

## OFFICE OF THE COLLECTOR OF CENTRAL EXCISE

### CENTRAL EXCISE

*Bangalore, the 23rd August 1967*

**S.O. 3396.**—In exercise of the powers vested in me under Rule 5 of the Central Excise Rules, 1944, I hereby empower the Central Excise Officers of the Mysore Central Excise Collectorate specified in Col. 1 of the table below to exercise within their respective jurisdiction the powers of Collector under the rule enumerated in Col. 2 and subject to the conditions and limitations set out in Col. 3 of the said table.

Rank of Officer	C. Ex. Rule	Nature of the powers under the rule delegated	Extent of limitations
I	2	3	4
1. Superintendent.	96ZA(1)	To accept First A.S.P. application for full period for which special procedure can be availed of.	.
2. Do.	96ZA(2)	To accept first A. S. P. application for a period less than the prescribed period.	..
3. Asstt. Collector.	96ZA(3)	To determine the period for which a manufacturer may be precluded from working under the special procedure for failure to give proper notice for not availing of such procedure during the period for which permission has been granted to him.	..
4. Superintendent.	96ZA(4)	(a) To accept renewal applications in form A.S.P.	..
Do	Do.	(b) To condone delay in submission of A.S.P. application for renewal.	For condoning delays not exceeding 15 days

1	2	3	4
Asstt. Collector.	96ZA(4)	(b) To condone delay in submission of A.S.P. application for renewal.	For condoning delays exceeding 15 days.
5. Superintendent.	96ZD(2)	To condone delay in submission of application for removal in form A.K. 51 and condone delays in making monthly deposits.	(i) For condoning delays not exceeding 5 days. (ii) For condoning delays if the delay exceeds the limits under item (i) above
Asstt. Collector.	Do.	Do.	
6. Adjudicating officers in accordance with their limits of powers.	96ZF(i) 96ZF(ii) 96ZF(iv)	To impose following penalties for misdeclaration etc.— To demand duty at full rate. To confiscate goods. To impose penalty not exceeding Rs. 2000/-	

(Issued from file C. No. I. /5/1/67 B. 2.)

C. T. A. FILALJI, Collector,

## OFFICE OF THE COLLECTOR OF CUSTOMS &amp; CENTRAL EXCISE

Shillong, the 31st August 1967

**S.O. 3397.**—In exercise of the powers conferred upon me under Rule 5 of the C. E. Rules, 1944 and in partial modification of this Collectorate Notification No. 3/CE/67 dated 28th April, 1967, I hereby empower the Central Excise Officers specified in column 2 of the sub-joined table to exercise within their jurisdiction the powers of the "Collector" under the Central Excise Rules enumerated in column 1 thereof subject to the limitations set out in column 3 of the said table.

TABLE

C. E. Rules	Rank of Officer Junior (upgraded)	Limitations
(1)	(2)	(3)
Rule 47(4)—	Superintendent, C.E. and Senior Superintendent where there is no junior Superintendent in-charge of any particular Range or Factory.	To permit the manufacturer not to make entries where there are no transactions.
Rule 53	Do.	Do.

[No. 6/CE/67.]

A. K. BANDYOPADHYAY, Collector.



## MINISTRY OF FINANCE

(Department of Economic Affairs)

REPORT OF THE CENTRAL BOARD OF DIRECTORS OF THE  
RESERVE BANK OF INDIA

FOR THE YEAR JULY 1, 1966—JUNE 30, 1967

*New Delhi, the 4th September 1967*

**S.O. 3398.**—In accordance with section 53(2) of the Reserve Bank of India Act, 1934, the Central Board of Directors has submitted to the Government of India the following report on the working and accounts of the Bank for the year ended June 30, 1967.

## I. OVERALL TRENDS IN THE ECONOMY

The year July 1966-June 1967 witnessed a continuation of serious difficulties in respect of the internal as well as the external balance of the economy. The substantial devaluation of the Indian rupee, in June 1966 necessitated far-reaching adjustments in relative prices, costs and the pattern of investment. However, these adjustments, difficult as they always are, proved even more so because of the severe drought following the previous years, creating new problems internally as well as in the country's external trade and payments. Domestic availabilities, both in the agricultural and in the industrial sectors declined sharply because of the adverse agricultural season. National income in real terms is estimated to have shown a rise of about 3 per cent in 1966-67\* as against a decline of 3.7 per cent in 1965-66; it was lower by 0.6 per cent than in 1964-65. Prices continued to rise and the pressure for upward adjustments in incomes gathered further strength. The shortages in the supplies of raw materials, the sharp rise in import costs and the slow-down in investment both in the public and private sectors resulted in the latter part of the year under review in an emergence of recessionary conditions in several basic and capital goods industries. The rate of growth of industrial production at 2.8 per cent in 1966-67 (April-March) was lower than in 1965-66 (5.4 per cent).

2. As against the adverse trend in production, liquidity in the economy, which had already been high in the previous years, expanded further during the year, although at a slower pace than in 1965-66. The major factor contributing to the expansion of liquidity was the large budgetary deficits of the Central and State Governments financed by recourse to the banking system. Bank credit to the private sector also showed a larger expansion than in the preceding year. In the result, the gap between aggregate demand and supply widened and this was reflected in a substantial rise in prices. The index of wholesale prices went up by about 16 per cent during the year. This, following the rise of 13 per cent recorded in 1965-66, caused serious hardship to the vulnerable sections of the community. Some nine-tenths of the rise was on account of food articles. This order of increase in prices together with its impact on the cost of living index necessitated some adjustments in wages and salaries, the effect of which could not but be to accentuate the budgetary difficulties of the Central and State Governments and to add to inflationary pressures.

3. On the side of external receipts and payments, the drought affected the country's capacity to export agriculture-based products and at the same time necessitated larger imports of food and raw materials. The burden of servicing the accumulated foreign debt also added to the payments difficulties. Foreign aid receipts during the year were also lower than in 1965-66. As a result, there was severe pressure on the foreign exchange reserves, which declined by \$159 million as against an increase of \$255 million during 1965-66. Net of a repurchase equivalent to \$57.5 million from the International Monetary Fund in 1966-67 and a net purchase of \$162.5 million from that source in 1965-66, the reserves showed a fall equivalent to \$102 million in 1966-67 as compared with a rise of \$93 million in the previous year.

4. A number of measures were taken during the year to moderate price rises and to create a stable and competitive environment for increasing production, promoting exports and speeding up import substitution. Credit policy was adjusted in the direction of greater flexibility but within an overall frame-work of restraint. Special measures were taken to moderate the immediate impact of devaluation on prices, particularly the prices of essential commodities. Quantitative restrictions on imports were relaxed to meet the requirements of priority industries. To provide an incentive for increased output and efficiency, production and price

\*Fiscal year.

controls were removed in respect of certain industrial products and licensing requirements were relaxed in respect of several industries. Controlled distribution of items of mass consumption was extended and supplies were augmented through imports and procurement. Higher support prices were announced for major agricultural commodities and price increases were permitted in respect of certain industrial products whose costs had risen.

#### Output, Prices and Price Policy

5 The increase in output in both agriculture and industry was only of the order of 3 per cent in 1966-67. In agriculture, the increase was not even enough to make up for the decline of as much as 17 per cent in the previous year. The output of foodgrains estimated at 76 million tonnes, though higher by 4 million tonnes than the output in 1965-66, was far below the level of 89 million tonnes in 1964-65. Amongst non-food crops, only raw jute and mesta and groundnut showed some measure of improvement. In raw cotton the output was only slightly higher than in the previous year while sugarcane output declined. Adverse weather conditions, which persisted over large parts of the country, were responsible for the inadequate performance of agriculture. In some States like Rajasthan, Gujarat and Madhya Pradesh the rains failed for the second year in succession. There was extensive damage to the *kharif* crops in Bihar and Eastern and Central U.P. Lack of rains in the winter months and unseasonal rains later affected the *rabi* crops also to some extent.

6 The shortfalls in agricultural output resulted in shortages of raw materials, and, to the extent they could not be made good by imports, tended to restrict production. Industries which use raw materials of agricultural origin like cotton textiles, jute manufactures, sugar, tea and vanaspathi registered declines ranging from 1 per cent to 19 per cent during the financial year. A section of capital goods industries also recorded lower production owing to some cuts in public sector investment outlays. This group comprised railway wagon building, pig iron castings and heavy structurals. The fall in the production of these industries in turn adversely affected the demand for intermediate products. There were, however, a number of industries which were able to record higher average rates of growth. Important amongst these are aluminium manufactures, petroleum products, radio receivers, fertilisers, electric cables and wires, cotton yarn, automobiles, batteries and soap; of these the last six had, in fact, recorded declines in output last year. In the result, for the financial year 1966-67, industrial production showed a growth rate of 2.8 per cent as compared with 5.4 per cent in 1965-66 and 5.6 per cent in 1964-65.

7. In recent months, several industries in the metallurgical and engineering group have encountered sizeable falls in demand, and this has resulted in cut-backs in production and labour lay-offs. In some industries, it would appear, capacity had grown faster than was warranted by the growth of demand in related sectors. A slowing down of the inflationary process manifests itself normally in recessionary conditions which can, to an extent, be regarded as a corrective to the "over-heating" of the economy earlier. Even so, it is necessary to guard against an excessive swing of the cycle in the downward direction. Moreover, it has to be kept in mind that the situation in India has not been one merely of excess demand, a major aggravating factor has been the low availabilities on the supply side because of exceptionally adverse weather conditions. It is, therefore, particularly important to ensure that the recessionary trends do not spread out of deepening too far so as to endanger the longer-term prospects of investment and growth.

8. Prices continued to rise at a high rate. During July 1966-June 1967, they recorded an increase of 15.8 per cent as compared with an increase of 18.3 per cent recorded in 1965-66. Almost nine-tenths of the rise in the general index in 1966-67 was accounted for by the food articles group, which increased by 27.9 per cent. Industrial raw materials and manufactures, on the other hand, showed much smaller price increases, viz. 1.6 per cent and 3.0 per cent, respectively. In 1965-66 the largest rise had been recorded by prices of industrial raw materials (28.8 per cent) followed by food articles (19.5 per cent) and manufactures (11.7 per cent). The increase in the general price level had its impact on the All-India consumer price index for working class (base: 1949=100) which moved up by 12.2 per cent between July 1966 and June 1967. In 1965-66, the index rose by 13.5 per cent.

9. All important items of food articles registered increases, the increase being more marked in rice (26 per cent), wheat (47 per cent), pulses (61 per cent) and gur (163 per cent). Among industrial raw materials, raw cotton recorded a rise of 17 per cent and oil-seeds of 9 per cent; prices of raw jute, on the other

hand, declined by 29 per cent, as against a rise of 45 per cent in 1965-66. Items of manufactures, which showed a marked rise in their prices were cotton and woollen textile (6 per cent), oilcakes (15 per cent), chemicals (9 per cent) and leather (26 per cent). Under the impact of declining raw jute prices, prices of jute manufactures fell sharply by 24 per cent in contrast to a rise of 22 per cent in 1965-66.

10 Remedial action to alleviate the hardships to the consumers comprised larger imports, improvement of distribution facilities, increased reliance on the price mechanism in suitable cases and a liberalisation of physical controls with a view to stimulating production. Thus, imports of foodgrains were stepped up from 7.5 million tonnes in 1965 to a record level of 10.4 million tonnes during 1966. During 1967, an import programme of about 10 million tonnes is envisaged. Of this, 4.4 million tonnes were imported upto July 10, 1967 as compared with 5.5 million tonnes imported in the corresponding period of 1966. Similarly, arrangements were made to import raw cotton, jute and vegetable oils. Procurement operations were intensified and there was a substantial expansion of the areas of controlled distribution. The coverage of statutory and informal rationing was extended. The number of fair price and ration shops was increased. Also, some States fixed maximum wholesale and retail prices for rice and wheat. In regard to cotton, mills were ordered not to keep more than two months' stocks and to observe an extra holiday every week between December and April and later once every fortnight. Requisitioning of cotton was also resorted to. At the same time, arrangements were made for larger imports of raw cotton. Measures to ensure that other essential articles were made available to consumers at reasonable prices considered of informal arrangements with manufacturers of products like soap, matches, baby food, bicycle tyres and tubes to enable regular flow of supplies at reasonable prices.

11. To stimulate production, guaranteed minimum support prices were revised upwards for wheat and gram for the 1966-67 season and enhanced minimum support prices for paddy (standard variety) and coarse cereals have been announced for the 1967-68 kharif season. The minimum prices for sugarcane and for raw jute (Assam bottoms) for 1966-67 were increased while ceiling and floor prices for raw cotton were revised upwards. In the industrial sector, price increases were granted to several industries which included cotton textiles, coal, sugar, iron and steel and automobiles and trucks. To facilitate larger output of essential items, the import policy for components, raw materials and spare parts was liberalised in respect of 59 priority industries.

12. The policy of exempting industries from the licensing provisions of the Industries (Development and Regulation) Act, 1951, initiated in May 1966, was extended to 31 additional industries bringing the total of industries so far exempted to 42. Licensing requirements were also done away with in respect of all industrial units intending to diversify production, manufacture new items and step up output upto 25 per cent beyond licensed capacity provided no additional plant or machinery is required and no additional foreign exchange is needed. Spinning mills having a capacity upto 25,000, new textile processing units and expansion of existing units have also been exempted from licensing requirements. The policy of relaxing controls selectively was carried further during the year. For the 1967-68 agricultural season, statutory control on cotton prices is to be removed, while in the place of statutory floor prices, minimum support prices which are about 5 to 10 per cent above the floor prices for the 1966-67 season have been announced. In the case of sugar, the minimum price of sugarcane has been raised from Rs. 2.12 to Rs. 2.7, per maund for a recovery of 9.4 per cent or less and the basic excise duty on factory sugar has been reduced. Sugar is proposed to be partially decontrolled and an incentive for higher production is to be given by way of a rebate at the rate of 50 per cent of basic excise duty for production in excess of 50 per cent of that in the preceding season. The price and distribution controls on all categories of steel were removed, effective May 1, 1967 while the scheme of decontrol of cement introduced in January 1966 was extended for another year.\* The period for which special terms are offered to foreign private investors for setting up fertiliser units was also extended upto end-1967.

#### **Budgetary Operations**

13. The resources position of the Central and State Governments during the financial year 1966-67 was affected adversely by the deterioration in the economic situation. Net revenue receipts of the Union Government were a little lower than originally expected. There was a decline in small savings collections and the market borrowing programme was also smaller. Outlays, on the other hand, rose substantially, despite the economy measures undertaken, owing to increase in assistance to States for scarcity relief, rise in food and fertiliser subsidies as a result of higher rupee costs of imports following devaluation and larger imports

\*In July 1967, price and distribution controls on all categories of coal, (except distribution controls on cooking coal required by metallurgical consumers, e.g., steel plants) have been removed.

of these items, the increase in dearness allowance following higher prices, increased outlays on agricultural schemes in order to step up food production and additional liabilities arising from unauthorised overdrafts by the States. The net result was that as against an overall deficit of Rs. 32 crores anticipated in the Centre's budget, revised estimates show a deficit of as much as Rs. 315 crores. The resources position of the States was also subject to similar strains. Though in their budgets for 1966-67, the States had provided for smaller outlays, they had to incur sizable additional expenditures on account of increases in dearness allowance following the rise in the cost of living and relief measures which became necessary in the wake of the drought and the difficult food situation. At the same time, they experienced shortfalls in revenue, particularly land revenue. During the year, some of the States continued to run unauthorised overdrafts with the Reserve Bank, and the Centre had to make additional funds available for clearing them. The total amount of such assistance granted by the Central Government to the States during the financial year ending March 1967 amounted to Rs. 108 crores. Towards the end of 1966 the Reserve Bank informed the States, with the approval of the Central Government, that in case an unauthorised overdraft persisted for a period of one week or more, the Bank would in future, issue a notice to the State Government calling upon it to take steps to eliminate the overdraft within a period of three weeks, failing which it would be open to the Bank to stop payments on account of the State. Simultaneously, the limits for the grant of clean and secured ways and means advances by the Reserve Bank were suitably increased to provide for greater assistance to the State Governments for temporary periods. The new limits as well as the procedure for dealing with unauthorised overdrafts beyond these limits were brought into force with effect from March 1, 1967.

14. Recognising the inflationary impact of the budgetary deficits on the economy and the psychology of inflation nourished by the continuance of such deficits, the budget of the Union Government for 1967-68 reiterates the need for fiscal discipline and seeks to restrict outlays to the resources that could be mobilised in a non-inflationary manner. The estimated aggregate expenditure of the Centre during 1967-68 at Rs. 4993 crores is lower by about Rs. 336 crores than the revised estimates for 1966-67. The new tax proposals as originally presented were designed to provide the Central Government, after allowing for States' share, Rs. 81 crores in a full year and about Rs. 68 crores in the current year, which together with additional revenue expected in the current year from revision of postal rates would have been adequate to offset the deficit of Rs. 68 crores. The yield from the new tax measures will, however, be smaller by Rs. 15.4 crores in a full year and by Rs. 11.5 crores in the current year as a result of the concession subsequently announced.

15. In the case of State Governments, the final budgets for 1967-68 show a considerable widening of their deficits owing mainly to a substantial rise in expenditure. The aggregate deficit before new taxation works out to Rs. 130 crores. So far, eleven States have proposed additional taxation measures estimated to yield Rs. 28 crores which would only partly cover their deficit totalling Rs. 55 crores. Proposals for additional taxation are under consideration by some of the remaining States also. On the other hand, a number of States have announced concessions in land revenue and similar steps are being contemplated by some others. Already during the first quarter of the current financial year, assistance had to be given by the Centre to some States amounting to Rs. 32.74 crores to clear their overdrafts by end-June 1967. There is lately some evidence that the States have taken action to avoid recourse to unauthorised borrowing from the Reserve Bank. The situation in some States is, however, one of inadequate resources relatively to the projected expenditures. There is, therefore, urgent need for further effort on their part to mobilise additional resources and to exercise the utmost economy in expenditure so as to avoid unauthorised recourse to the Reserve Bank.

16. The tax proposals of the Union Government for 1967-68 which are essentially made to avoid deficit, also attempt to provide relief in deserving cases, to promote savings and investment and to stimulate exports. In respect of personal incomes, a new allowance for maintenance of dependent parents or grandparents has been provided, subject to certain conditions. Certain provisions of the Annuity Deposit Scheme have also been liberalised. To encourage contractual and other small savings, the limit of contribution to the various tax-free media of savings has been raised. With a view to encouraging investments, the ceiling limit of unearned income for purposes of surcharge has been raised while dividend incomes of Rs. 500 and below are allowed as a deduction from taxable income. As regards corporate taxation, undertakings whose profitability is usually low in the initial years are

allowed to carry forward the unabsorbed benefits of tax-holiday for eight years from the commencement of business. To provide incentives for the growth and development of small and medium-scale industries, the income limit for concessional rate of tax has been doubled. The development rebate at the priority rate, as against the existing general rate, is now allowed, with a view to promoting scientific research in the country. On the other hand, excise duties have been raised to restrain domestic consumption and to augment exports, to mop up high profits and to allow some increase in prices in socially desirable directions. With a view to correcting the adverse trends in exports duties were reduced in respect of jute manufactures, tea, manganese ore and iron ore.

17. The mobilisation of resources through market borrowings and small savings in 1966-67 was somewhat smaller than anticipated. Borrowings from the market by the Union Government were for a total gross sum of Rs. 275 crores as against Rs. 280 crores, envisaged in the budget estimate for 1966-67. Two cash-cum-conversion loans, viz. a 5-year  $4\frac{1}{2}$  per cent Loan 1971 (Re-issue) and a 25-year 5 $\frac{1}{2}$  per cent Loan 1981 were floated in July 1966. The State Governments floated loans in September 1966 for an aggregate sum of Rs. 93.50 crores, at yields ranging from 5.62 per cent to 5.73 per cent. The subscriptions to these loans amounted to Rs. 93.4 crores of which Rs. 97.5 crores were retained. The net market borrowings by the Centre and the States worked out to Rs. 176.7 crores and were smaller than in 1965-66 (Rs. 210.8 crores). Consequently, the gilt-edged prices by and large held their levels. In contrast to a decline of 1.5 per cent in 1965-66, the all-India index of Government and semi-government securities rose fractionally (0.7 per cent) over the year. During the year, Reserve Bank's open market operations resulted in larger net sales of Rs. 53 crores (excluding purchases from the State Bank of India on account of P.L. 480 and P.L. 665 funds) than in 1965-66 (Rs. 42.3 crores).

18. There was a sizable decline in net collections of small savings which aggregated Rs. 126.8 crores in the financial year 1966-67 compared with Rs. 151 crores in 1965-66. Almost the whole of the decline was in respect of post-office savings bank deposits. This was partly the result of lower collections by way of motor-scooter deposits and partly due to sizable withdrawals.

19. The difficult economic situation had its impact on the investment programme in the public sector under the Fourth Five-Year Plan. The proposed Plan outlay for 1967-68—the second year of the Fourth Plan, at Rs. 2,246 crores is only marginally higher, in financial terms, than that in the first year (Rs. 2,221 crores). The outlays by the Centre, Union Territories and the States are estimated at Rs. 1,172 crores, Rs. 64 crores and Rs. 1,010 crores, respectively. The corresponding figures for 1966-67 were Rs. 1,148 crores, Rs. 64 crores and Rs. 1,009 crores, respectively. The resources for these outlays reckoned at Rs. 2,192 crores fall short by Rs. 54 crores; the shortfall is entirely in the States. The total Plan outlay during the first two years of the Plan would thus amount to Rs. 4,467 crores, as against the total of Rs. 16,000 crores envisaged for the period of the Fourth Plan.

### The Corporate Sector

20. The difficulties which the private corporate sector has been experiencing for the past few years in raising adequate resources from the open market, particularly risk capital, increased during the year under review. The persistent rise in prices and the diversion of available savings into appreciating assets like real estate, precious metals, etc. reduced the flow of fresh funds to the new issue market. At the same time, there was an increase in capital costs of projects following devaluation of the rupee. Consequently, the new issue activity and the activity on the stock market were at very low levels and the corporate sector had to rely heavily on the financial institutions for loan assistance and underwriting support. Reflecting these trends, the Reserve Bank's index of variable dividend industrial securities (base: 1961-62=100) declined from 81 at the end of June 1966 to 77.1 by mid-September and after moving up to 84.4 by about mid-February 1967, declined again to 77.7 at the end of June 1967. Over the year, there was a net decline of 4.1 per cent. In 1965-66, the index showed no net change.

21. A comparative assessment of the trend in consents for capital issues for the full year under review relative to the previous year is not possible since with the abolition of capital issues control for certain categories, of companies in November 1966, data relating to consents, which indicate investment intentions, are not complete. Comparing the position for the calendar year 1966 with that for 1965, consents for capital issues, particularly equity issues in 1966, were considerably lower than in 1965. Consents for issue of shares (other than bonus

and miscellaneous issues) and debentures amounted to Rs. 66 crores in 1966 compared with Rs. 86 crores in 1965. Consents for bonus issues, on the other hand, amounted to Rs. 147 crores in 1966, compared with Rs. 5 crores in 1965—the phenomenal rise in these issues in 1966 resulting from the abolition of the bonus issues tax announced in the budget for 1966-67. Security-wise, consents for equity issues declined from Rs. 53 crores in 1965 to Rs. 42 crores in 1966 and those for debentures and preference shares declined from Rs. 21 crores and Rs. 12 crores, respectively, in 1965 to Rs. 18 crores and Rs. 6 crores, in 1966.

22. Despite the relaxation in the licensing control under the Industries Act and a substantial liberalisation of the control over capital issues, the capital market throughout the year remained apathetic. Almost all new issues had to rely heavily on institutional support in the shape of contributions to securities issued.

23. The operations of term-lending institutions were at a lower level in 1966-67 than in the preceding year. This was partly the result of a reassessment of project costs following devaluation and the consequent increase in the cost of imports of capital goods, raw materials, spares and components, which delayed the consideration of applications. Besides, the continuing underwriting support and the consequent locking up of funds limited the scope for consideration of further applications. Aggregate financial assistance @ sanctioned by them by way of loans, underwriting and direct subscription to shares and debentures was substantially lower at Rs. 127 crores in 1966-67 (April-March) as against Rs. 164 crores in 1965-66 (April-March). Disbursements were, however, higher at Rs. 124 crores as against Rs. 107 crores in the previous year. Loans sanctioned by the IDBI were marginally lower at Rs. 55 crores in 1966-67 as against Rs. 56 crores in 1965-66, but disbursements rose from Rs. 33 crores to Rs. 43 crores. The IDBI scheme of rediscounting of bills was liberalised during the year with a view to providing assistance to a larger number of industrial concerns. Besides these term-lending institutions, the Unit Trust of India and the Life Insurance Corporation of India continued to provide substantial funds to the private corporate sector through their underwriting and investment operations. The increase in investments by the Unit Trust of India amounted to nearly Rs. 6 crores in 1966-67 as compared with Rs. 1 crore in 1965-66. This was made possible by the considerable improvement in the sales of units by the Trust. The gross sales of units by the Unit Trust of India during 1966-67 amounted to Rs. 9 crores as compared with Rs. 2 crores in 1965-66. The figures for net sales, that is, gross sales less repurchases, for the two years were Rs. 7 crores and Rs. 1 crore, respectively. The investments in shares and debentures by the Life Insurance Corporation increased from Rs. 159 crores in March 1965 to Rs. 183 crores in March 1966. The small-scale industrial sector continued to receive substantial assistance through the Government of India's Credit Guarantee Scheme, which was liberalised during the year and through the various schemes of assistance operated by the State Bank of India and its subsidiaries.

#### **Money, Credit and Credit Policy**

24. Money supply continued to expand though at a considerably slower rate. In absolute terms money supply increased by Rs. 307 crores during the year under review as against Rs. 445 crores in the preceding year. The annual rates of expansion were 6.6 per cent and 10.5 per cent, respectively. Both deposit money and currency with the public recorded smaller increases than in 1965-66, the increase in the former at Rs. 141 crores was less than in the previous year by Rs. 91 crores, while currency with the public rose by Rs. 166 crores or Rs. 4 crores less than the increase in 1965-66. Total monetary resources (i.e. money supply with the public plus time deposits with banks) increased by Rs. 20 crores or by 8.2 per cent as against Rs. 668 crores or by 11.3 per cent last year. The rate of monetary expansion was in excess of the growth in real product, and the slowing down of the rate of expansion of monetary demand brought no relief to the price situation—in fact, prices rose during the year only at a slightly lower rate than in 1965-66.

25. Extension of bank credit to both the public and private sectors was responsible for the monetary expansion. The Government's net indebtedness to the banking system recorded, however, an appreciably smaller increase during the year. As Rs. 187 crores the increase was less than one-third of the increase in the previous year (Rs. 634 crores) (a) (b). The Reserve Bank's credit to Government sector declined steeply from Rs. 410 crores to Rs. 193 crores and that by other banks showed a contraction of Rs. 11 crores in contrast to an expansion of Rs. 224 crores (a) in the preceding year. The increase in net bank

@ The institutions included are the IDBI, IFC, ICICI, SFCs and SIDCs. In order to make figures comparable, assistance in foreign currencies has been calculated at post-devaluation value in both the years.

(a) Adjusted for P.L. 480 and P.L. 665 deposits with banks in India other than the Reserve Bank of India.

(b) Excluding the effect of revaluation of certain assets of the Reserve Bank and the devaluation of the rupee.

credit to the private sector, on the other hand, was considerably higher at Rs 151 crores as against only Rs. 16 crores (a) in the previous year. The increase in foreign exchange assets (net) held by the Reserve Bank of Rs. 22 crores (as against a fall of Rs. 64 crores (b) last year) also contributed to the expansion in money supply. The combined expansionary impact of these factors on money supply was partially offset by the increase of Rs. 71 crores (Rs. 160 crores last year) in net non-monetary liabilities of the banking system. Money supply with the public showed a much larger contraction in the 1966 slack season (Rs. 126 crores) than in the slack season of 1965 (Rs. 43 crores). This was followed by a smaller expansion of Rs. 459 crores during the 1966-67 busy season than in the busy season of 1965-66 (Rs. 482 crores).

26. Faster rate of credit expansion accompanied by a slower pace of deposit growth was the main feature of the credit situation during the year. Consequently, the liquidity position of banks was under some pressure as was reflected in the credit-deposit ratio which moved up, over the year, from 72.9 per cent to 74.9 per cent. Credit expansion amounting to Rs 332 crores (or 14.4 per cent) during the year was larger than in 1965-66 (Rs. 226 crores or 10.9 per cent). Scheduled commercial banks' deposits, on the other hand, rose by Rs. 358 crores (or 11.4 per cent) compared with Rs. 462 crores @ or 17.1 per cent in 1965-66.

27. For quite sometime now, the banking system has been under pressure to expand credit beyond its resources. The working capital needs of industry have gone up because of the rising costs of raw materials and labour and the drying up of the capital market has aggravated the situation of credit shortage. In this background and in view at the same time of the pervasive character of inflationary pressures in the economy, credit policy has sought to balance the claims of credit expansion with the overall availability of savings in the economy. The accent of monetary policy has necessarily had to be on restraining any aggravation of inflationary pressures by keeping to the minimum in extent and duration. Central Bank credit to commercial banks. At the same time, in operating its policy the Reserve Bank has been mindful of the need to finance genuine productive activity for ultimately it is the increase in production as much as the restraint in aggregate demand which would correct the inflationary situation. This has called for efforts at a better distribution of credit in line with set priorities. It is in this sense that the employment of selective credit controls has to be viewed. As they have operated in this country, these controls have tried to limit the expansion of bank credit against certain commodities which are either essential items of consumption or raw material for industry and which are in short supply and in which speculative activity has been in evidence. Increasingly, however the scope of selective controls is being widened so as to operate in the more positive direction of enlarging the flow of credit to essential sectors through a system of preferential rediscounts.

28. In the slack season of 1966, the banks were asked to strive for the return flow of credit extended in the 1965-66 busy season. The announcement of devaluation necessitated a fresh review of the policy for the 1966 slack season because of the apprehensions of strain on banks' liquidity. At the discussions with the banks and industry it was indicated by the Reserve Bank that the liquidity position of banks would improve rather than experience any pressure, because of larger deposit accretion and that in fact this strengthened the need for mopping up excess liquidity arising in the banking system. Further, the demand for credit was expected to show a sharp increase in the 1966-67 busy season due to liberalisation of import licensing and higher rupee cost following devaluation. The banks were, therefore, called upon to bring about a reduction in credit in the 1966 slack season and also to invest the entire increase in the deposit resources during the slack season in Government securities so that they would be in a position to finance a large proportion of credit expansion in the following busy season, from their own resources. At the same time it was indicated to the banks that the Bank would supplement their resources at the Bank rate to meet the demands of priority sectors in the busy season, provided the banks themselves utilised to the maximum their own resources to finance those sectors. Though the general tenor of policy was one of credit restraint in the slack season, to provide for the possibility of increase in bank advances for financing Government procurement and allied operations the Bill Market Scheme was kept open for this special purpose beyond June 30. Selective control continued to operate in the form of prescription of ceilings and/or minimum margins in respect of advances against commodities in short supply such as foodgrains, oilseeds, sugar, raw cotton and kapas.

29. Over the slack season of 1966, bank credit contracted by Rs. 86 crores compared with Rs. 93 crores in the 1965 slack season. On the other hand, the growth in deposits at Rs. 265 crores was substantially higher than the increase.

@ Adjusted for Rs. 21 crores transfer of P.L. 480 funds.

(Rs. 178 crores) in the 1965 slack season. In line with the advice of the Reserve Bank, the banks increased their investments in Government securities by Rs. 298 crores helping thereby to raise the investment deposit ratio by 8.9 percentage points to 34.3 per cent over the season as against 3.2 percentage points over the 1965 slack season. With this large rise in investments, the combined net liquidity ratio of scheduled commercial banks improved by end-October 1966 to 9.3 per cent as against 26.1 per cent at the end of the 1965 slack season.

30. Notwithstanding this, it was felt that banks on their own might not be in a position to meet the requirements arising from expectations of agricultural recovery and larger quantum of imports following import liberalisation. In formulating credit policy for the busy season of 1966-67, therefore, the Bank announced an enhancement of its accommodation at Bank rate to the commercial banks to finance the seasonal expansion. Banks were given an additional refinance facility at Bank rate for an amount equivalent to 10 per cent of their actual net liquidity ratios as at the end of the 1966 slack season. This facility was available to all banks, irrespective of the level of their net liquidity ratios, so that every bank would have some volume of Bank rate refinance even if its net liquidity ratio dipped below 30 per cent. In addition, any excess over October 28, 1966 level of a bank's advances to State Governments and approved agencies for food procurement and allied activities was also made eligible for refinance at the Bank rate. While there was thus an enlargement of refinance available at Bank rate in order to prevent any excessive credit expansion there was provision for the levy of a penal rate of 10 per cent for borrowings in excess of the amounts that could be borrowed at Bank rate in terms of the new policy; the Bank also retained the discretion of charging higher deterrent penalty rate if such excess borrowings were either continuous or large. This penalty rate, however, was to be made applicable only to excess borrowings over what the banks were entitled to at the Bank rate. A corollary to the liberalisation of refinance facilities was the step taken to direct the additional credit flow into priority sectors of the economy. Accordingly, a directive was issued to larger Indian and all foreign commercial banks that not less than 80 per cent of their seasonal credit expansion should be made to industry (which was defined fairly widely) and against export/import bills.

31. In order to impart some flexibility to the deposit rates without disturbing the basic policy in this respect, the minimum rates prescribed by it in February 1965 on bank deposits for 3 and 6 months were rescinded, while continuing the minimum prescribed for deposits for one year and for savings bank deposits.

32. The increase in credit during the 1966-67 busy season at Rs. 425 crores was much larger than in the 1965-66 season (Rs. 310 crores). On the other hand, deposit growth at Rs. 168 crores was less than in the 1965-66 season (Rs. 235 crores after adjusting P.L. 480 transfers of Rs. 21 crores). The higher volume of credit was financed by banks mainly by drawing down their investments and by recourse to borrowings from the Reserve Bank. Liquidation of investments in Government securities amounted to Rs. 198 crores (Rs. 27 crores in 1965-66). Banks' borrowings from the Reserve Bank were also larger by Rs. 41 crores (Rs. 28 crores in 1965-66) this busy season. At their peak, borrowings from the Reserve Bank in the 1966-67 season touched Rs. 140 crores on March 31, 1967 compared with Rs. 107 crores on March 11, 1966. The liberalisation of credit is reflected in that though the peak borrowing was substantially higher, the highest point reached for the weighted average rate paid on borrowings was lower at 6.6 per cent (for the week ended March 17, 1967) compared with 7.5 per cent in the previous year (for the week ended April 1, 1966). The rising demand for funds was reflected in the progressive hardening of call money rates during the 1966-67 busy season, particularly in the month of March. The highest rates were recorded at Bombay during the week ended March 31 (12.0 per cent) and at Calcutta during the week ended March 24 (13.2 per cent).

33. Though the seasonal credit expansion was less than had originally been anticipated, in the light of the downward adjustment of production and import estimates, the pace of credit growth turned out to be more than was warranted by the supply situation. In particular, the sizeable expansion in clean advances by February 1967 emphasised the need to control the direction as well as the volume of bank credit. Banks were, therefore, cautioned in March 1967 to regulate their credit expansion in accordance with the directive regarding credit distribution between industry, import and export sectors, on the one hand, and other activities, on the other and to exercise control over clean advances and against commodities in short supply. However, on representations made to the Bank that many banks had frozen the limits granted to trade customers, with a view to complying with the directive of the Bank, they were advised to effect



a percentage reduction in sanctioned limits so as to avoid undue dislocation of activity. The Bank also sounded another cautionary note to mitigate the possibility of banks borrowing more than their Bank rate entitlement. It was made clear that the penalty rate of 10 per cent would be levied even on small and occasional excess borrowings from the Bank and further that while the penal rate of 10 per cent would apply to small excess borrowings upto one week, for any continuous excess beyond a week, the penal rate would rise by 1 per cent per annum, in respect of the short-fall of every one point or a fraction thereof in a bank's net liquidity ratio below 30 per cent.

34. To reinforce general credit control measures, selective credit controls were also modified towards the close of the busy season. Advances to mills and trade against cotton and kapas were restricted beginning from April-May 1967 to 85 per cent of the average level in each two-month period of the earlier year and only such stocks as were covered by permits for purchase/movement issued by the Textile Commissioner were eligible for such advances\*. Exportable varieties of indigenous cotton were, however, exempted from these restrictions. In regard to advances against paddy and rice to parties other than official agencies, banks were asked to maintain in each two-month period beginning March/April 1967, an average aggregate level of credit which should not exceed 55 per cent in Andhra Pradesh, 50 per cent in Maharashtra and 65 per cent in all other States taken together of the level of such credit maintained during the corresponding period of 1964-65 (March 1964—February 1965).

35. In anticipation of the continuance of demand for credit even beyond the conventional end of the busy season (owing mainly to larger requirements of import financing), the commercial banks were advised to meet the demand for credit and in order to enable them to overcome the difficulties they might encounter in doing so, the facility of the additional Bank rate tranche was continued until June 30, 1967 i.e. until the date the Bill Market Scheme itself was kept open. Banks were also advised to utilise their deposit accretion for meeting essential credit needs such as import financing, for repayment of borrowings from the Reserve Bank and for building up their investment portfolio during the slack season of 1967. At the same time, it was emphasised that banks should keep under strict control their advances against domestic commodities in short supply, as well as their unsecured advances.

36. In the first two months of the current slack season, credit contraction amounted to Rs. 43 crores as compared with Rs. 35 crores in the corresponding period of 1966, but the deposit growth was smaller, being Rs. 46 crores compared with Rs. 120 crores. On present indications, it is expected that seasonal contraction in credit would be somewhat larger than in 1966, but at the same time the addition to deposits may be much lower in view, among other things, of the Central Government decision to avoid deficit financing in the current financial year. The attempt in formulating and implementing credit policy has thus been continually to balance the claims of credit expansion against the overall availability of savings and it is in this context that the techniques of regulating the quantum and duration of Reserve Bank credit to commercial banks and of seeking a better distribution of bank credit in line with the accepted priorities have to be viewed.

### Balance of Payments

37. The external payments situation during the year showed a sharp deterioration. This was due mainly to difficulties created by the poor performance in agriculture which reduced export availabilities of important agriculture-based exports and necessitated at the same time large imports of foodgrains and raw materials to make good the domestic shortages. In addition, there were difficulties of a transitional nature for a brief period after devaluation in getting trade and payments adjusted to the new situation arising therefrom.

38. The foreign exchange reserves were drawn down over the year 1966-67 by \$159 million after incurring a repurchase obligation of \$57.5 million from the International Monetary Fund. In the previous accounting year, the reserves had shown a rise of \$255 million; but this included a net drawing of \$200 million from the I.M.F. and a payment of \$37.5 million to the I.M.F. in February 1966 towards the additional gold subscription. If these transactions with the I.M.F. are excluded, the draft on reserves during 1966-67 would amount to \$102 million in contrast with an addition to reserves of \$93 million in 1965-66. The adverse swing of \$195 million in reserves (excluding transactions with the I.M.F.) over the year was the combined result of a significant drop in exports, larger outgo by way of interest and amortisation payments on foreign loans and smaller inflow of foreign aid.

\*The minimum margin of 50 per cent on such advances imposed on August 5, 1965 was discontinued.

39. The pause in aid authorisations following the outbreak of hostilities with Pakistan in September 1965 slackened the utilisation of aid; the magnitude of aid utilised (gross) which had risen continuously during the Third Plan from \$ 711 million in 1961-62 (April-March) to \$ 1,621 million in 1965-66 came down rather sharply to \$ 1,474 million in 1966-67 (April-March). At the same time, debt service charges (interest and amortisation payments) which had risen, following the increasing resort to external assistance from \$ 191 million in 1961-62 to \$ 316 million in 1965-66, moved up further to \$ 369 million in 1966-67. In the result, the net inflow of aid which had shown a striking advance during the Third Plan from \$ 520 million to \$ 1,305 million, fell by \$ 200 million to \$ 1,105 million in the first year of the Fourth Plan. There was, however, a substantial increase in the authorisations of fresh aid during the year. The pledges of \$ 900 million in the form of non-project assistance together with larger authorisations from non-Consortium countries resulted in a significant step-up in fresh authorisations of aid from \$ 1,362 million in 1965-66 to \$ 2,082 million in 1966-67.

40 As regards details of foreign trade transactions, data are available from the Customs record for the period June 1966-May 1967. During this period exports at \$ 1520 million were \$ 189 million or 11 per cent below the previous year's. A number of factors were responsible for this decline. Continued drought reduced the export availabilities of commodities such as jute and tobacco. In items such as sugar, tea, coffee, oilcakes and manganese ore a decline in international prices adversely affected export realisations. In the earlier months after devaluation there was a dislocation of trade with the rupee trade area pending re-negotiation of bilateral trade agreements on the basis of the revised par value of the rupee. Further, as regards exports to other countries, there was a certain amount of postponement of purchases by foreign importers and sales by Indian exporters in anticipation of a reduction in export duties or increase in export assistance.

41. Almost all commodities recorded declines, with notable exceptions of leather, hides and skins, iron ore, iron and steel and cashew kernels. The bulk of the decline was on account of a few major items, viz., jute manufactures, tea, cotton textiles and tobacco unmanufactured. Export earnings from tea were, to some extent, adversely affected by the weakness in international demand, while the fall of nearly 16 per cent in exports of jute manufactures was partly due to the fibre shortage resulting from two successive short crops and intense competition from Pakistan. The sharp contraction in the value of exports of tobacco unmanufactured to almost two-thirds the level of the previous year was mainly linked to a short-fall in production combined with poor offtake by the U.S.S.R. in view of a good crop in that country. High prices of cotton manufactures, resulting from a rise in the prices of indigenous and imported raw cotton, affected cotton textile exports adversely.

42 With the initial difficulties of the post-devaluation period overcome and with the adjustments and reductions that have been made in export duties on tea, jute manufactures, iron ore, manganese ore, raw wool, and raw cotton, an improvement in export trends could be expected in the coming months. Three main items, viz., jute manufactures, tea and tobacco unmanufactured which registered a sharp decline after devaluation can be expected to show an improvement in 1967-68. The prospects of a good jute crop in 1967-68 coupled with the recent export duty reductions should enable the industry to improve its export performance. Tea shipments in recent months have been fairly encouraging and if international price and demand continue at current levels, tea exports are expected to show an improvement. The tobacco crop is also reportedly good and international prices have been firm. A recovery in unmanufactured tobacco exports can thus be expected.

43. The import liberalisation initiated after the devaluation of the rupee in June 1966, with the help of non-project aid from Consortium countries, was continued further during the year. The basic aim of the import policy was to provide imported raw materials, components and spares so as to sustain higher production levels in export-oriented and other essential industries. While the import requirements of 59 priority industries were liberalised in June 1966, under the import policy for 1967-68 announced in May 1967, licensing for the priority industries was further simplified and an element of continuity introduced by enabling units in the priority sectors to obtain further licences as and when necessary. A special scheme for registered exporters was introduced in August 1966 to enable manufacturer exporters to replenish the import content in terms of raw materials, components and spares against the exports of specified products. Notwithstanding the liberalisation of imports, further progress was made in restricting imports of less essential items and items which are now indigenously produced

44. Although import licences issued in the period subsequent to devaluation were much higher than in the previous year, total imports (according to Customs data) during June 1966-May 1967 at \$2,625 million were \$387 million or about 13 per cent lower as compared with the previous year. Excluding cereals, fertilisers, other chemicals, raw cotton and raw jute, imports of all major items showed a sizeable decline. The decline in imports in the post-devaluation period is accounted for by a number of factors. First, there is normally a considerable lag between the issue of an import licence and its actual utilisation; thus the level of imports in the post-devaluation twelve months reflects the strict import policy pursued in 1965-66 rather than the effects of the recent liberalisation. Secondly, the liberalisation resulted in a virtual disappearance of premia on import licences and with the simplification in procedure, the need for excessive inventories was obviated. Thirdly, the higher costs of imports consequent to devaluation necessitated a reassessment of production plans based on imported inputs. Fourthly, the recessionary conditions in some industries were reflected in a decline in the demand for imported inputs.

#### Assessment and Prospects

45. The review of the economic situation in 1966-67 attempted in the foregoing paragraphs brings out clearly the persistence of serious imbalances in the economy, both internal and external, which have been further aggravated by the failure of monsoons for the second year in succession. The shortfall in agricultural output has given a further impetus to the upward trend in prices. It has also adversely affected some of our key exports, raw material supplies for which were greatly reduced. At the same time, it has dampened the demand in certain respects. The steady increase in the price of foodgrains and the impoverishment of the agrarian economy in parts of the country afflicted by the drought have caused a fall in the demand for certain consumer goods like textiles, and for goods' transport services. These trends have also reacted adversely on the capacity of the community to save.

46. While a good monsoon this year can make all the difference between a reasonably satisfactory economic situation and acute privation, it must be stressed that the imbalances in the economy that have persisted for several years now can be rectified only through sustained effort over a number of years. The basic problem is not only the restoration of stability but the imparting of strength to the economy for the larger effort that is needed, both on domestic investment and on exports. Thus, the food problem, the problem of price rises, the difficulties caused by the recession and the paramount need to secure larger foreign exchange earnings cannot be viewed in isolation from one another; they have to be considered together in the context both of the short-term and the long-term needs of the economy. This is why in adapting fiscal, monetary and investment policies to the needs of the immediate future, it is essential continuously to keep in mind the longer-term objective of creating an environment for all-round and orderly economic growth.

47. The continuing upward trend in prices makes it essential in the immediate future to concentrate on the ways and means of securing price stability—and, indeed, of some price reduction in respect of the basic items that enter into the cost of living. This problem has to be tackled partly from the supply side and partly from the demand side. As to the latter, the decline in fixed investment, both public and private, that has been noted earlier, although disturbing from a long-term point of view, should tend to reduce the pressure on prices. On the other hand some investment in buffer stocks especially of foodgrains, together with provision of the necessary bank finance would be desirable, despite the urgency of securing a fall in prices as early as possible. The demand for consumption goods in the coming year cannot but have an upward trend since national income and consumption in per capita terms have been relatively low in the last few years because of the stagnancy of agricultural output. The policy of avoiding deficit financing enunciated by the Government of India would mean that by and large the impact of budgetary operations on the volume of aggregate demand would be neutral, provided the same discipline is adopted by the States. On the side of supply the rains this year have been satisfactory over almost all parts of the country and the chances of a sizeable decrease in agricultural production appear, at this stage, to be good. With a reasonable improvement in the supplies of domestic raw materials and with the large availability of imported raw materials in consequence of the liberalised import policy, industrial production over the next twelve months as a whole should also show a significant improvement. In view of the appearance of recessionary trends in certain industries some corrective action by way of selective liberalisation

of credit has already been initiated. It is also proposed to undertake some advance ordering of capital goods by the public sector. These and similar measures will need to be supplemented by adequate effort from industry itself for increasing productivity and reducing prices and unit costs. On the whole, it would be reasonable, in the coming year, to expect some, but not yet adequate lessening of the imbalance between overall demand and supply.

48. The expected increase in agricultural output and in incomes provides a favourable basis for evolving a long-term policy with regard to prices, incomes and costs. In this context, the prices of foodgrains and of other agricultural raw materials have a crucial role. While it is important not to permit a sharp fall in these prices, there is need for some downward adjustment, taking into account particularly the importance of reducing costs and increasing the competitiveness of Indian industry in the export market. The stress of food policy at this juncture must be on a vigorous procurement effort both for meeting the immediate needs of distribution and with a view to building up a buffer stocks for the longer run. In the industrial field, the current recession from the conditions of a sellers market at home which had prevailed hitherto offers a challenge, which will have to be met by offering price reductions and enlarging the market—especially the export market—rather than by curtailing output and employment. In short, although "incentive" pricing cannot be disregarded either in agriculture or in industry, an appropriate incomes policy should seek an improvement in incomes through increases in productivity all along the line rather than through an increase in prices.

49. The balance of payments continues to be under severe pressure. Over the year ending June 1967, the foreign exchange reserves showed a fall of \$159 million and some further seasonal fall in the next few months is to be expected. A substantial improvement is conditional upon two factors: (a) availability of larger export surpluses as a result of increased production, and (b) a strengthening of the competitiveness of Indian exports in world markets. This latter is of particular importance in view of the price rises that have occurred since devaluation. To this end, both fuller utilisation of installed capacity and steady effort to bring down unit costs are essential. Above all, there is need for an unremitting drive to build up export markets through an appropriate organisational effort on the part of industry and trade.

50. In the complex economic situation confronting the country at the present time, any action that aggravates overall inflationary pressures has to be avoided. However, with the accent of budgetary policy on elimination of deficits, monetary policy can, within an overall framework of restraint, be selectively reflationary. Some measures in that direction have recently been announced against the background of the recessionary trends affecting certain industries and the special importance in that context of export promotion. How far this policy of selective monetary ease could be carried would of course, have to be decided in the light of the emerging situation. Credit policy for the next busy season will have to take into account the probable overall performance of the monsoon. The range of monetary techniques available to the Reserve Bank has increased considerably in recent years and these instruments of policy will have to be used flexibly in order to facilitate an increase in production and in exports. The overall thrust to fiscal and monetary relaxation, it must be stressed, is set by the availability of real savings, which, in turn, depends on overall economic performance as indicated by the growth of real income and the containment of inflationary pressures. Special stress is needed in this context on getting the maximum results from the investments, both public and private that have already been made and on creation and maintenance of a climate favourable to a sustained growth of savings and investment.

51. Mobilisation of the real savings of the community will thus have to command high priority in the operations of the commercial banks as of other financial intermediaries. This calls for an expansion of the banking network, both territorially and to start of society not yet covered by it so as to enlarge the area of activity of the organised financial sector. This task will have to be shared by the commercial and co-operative banks whose functions vis-à-vis the rural economy should be regarded as complementary rather than competitive. As important as the mobilisation of deposits is the role of the banking system in allocating credit in terms of national priorities. This reorientation of the policies and procedures of commercial banks has to go hand in hand with closer co-ordination between them, the co-operative banks and the industrial financing institutions. To that end, the assistance and guidance of the Reserve Bank will continue to be available.

## II. DEVELOPMENTS IN INDUSTRIAL FINANCE AND COMMERCIAL BANKING

52. The developments during the year in commercial and co-operative banking and in the provision of industrial finance are brought out in this and the subsequent sections.

53. In the field of commercial banking, further efforts were made during the year to strengthen the banking structure through voluntary mergers and through annual inspections and supervision. The branch expansion programme of the State Bank and its subsidiaries and other commercial banks continued to make progress. Stringent measures were taken by the Bank during the year to regulate the business of non-banking institutions. In the field of industrial finance, the institutional machinery built up over the last several years played an important role in meeting the increasing demand for funds made upon it.

### Industrial Finance: Industrial Development Bank of India and other Term-leading Institutions

54. The Industrial Development Bank of India further expanded its operations during the year 1966-67. Total assistance (excluding guarantees) sanctioned by the IDBI aggregated Rs. 63.76 crores during 1966-67 (July-June), as compared with Rs. 67.93 crores during 1965-66. Disbursements were higher at Rs. 59.30 crores, as compared with Rs. 51.10 crores in the previous year. Since its inception in July 1964 till the end of June 1967, the IDBI sanctioned assistance amounting to Rs. 177.13 crores and disbursed Rs. 134.25 crores. On June 30, 1967, outstanding assistance (including outstanding refinance assistance sanctioned by the Refinance Corporation for Industry upto end-August 1964) amounted to Rs. 144.26 crores and outstanding commitments Rs. 53.22 crores.

55. Direct financial assistance sanctioned by the IDBI comprising loans, underwriting of shares and debentures and guarantees for loans and deferred payments during 1966-67 (July-June) was lower at Rs. 33.83 crores on 33 applications relating to 25 concerns, compared with Rs. 59.56 crores on 49 applications in respect of 38 concerns in 1965-66. Of the total direct assistance sanctioned, loans accounted for Rs. 23.67 crores in respect of 19 applications, compared with Rs. 35.46 crores on 23 applications last year; underwriting of shares amounted to Rs. 2.32 crores in respect of 10 applications, compared with Rs. 7.54 crores on 22 applications in 1965-66 and guarantees for loans and deferred payments Rs. 7.85 crores on 4 applications as against Rs. 16.67 crores on 4 applications last year. The bulk of the direct assistance sanctioned was in respect of new projects in vital sectors like fertilisers and alloy and special steels and chemicals; a part of the loan assistance was in response to requests for additional finance from industrial units to meet the over-runs in project cost arising from the devaluation of the rupee in June 1966. In several cases, the assistance was sanctioned in participation with other financial institutions; in the case of large projects, the co-operation of commercial banks was also enlisted, particularly in the matter of rupee loans on a cash basis. Disbursals of direct assistance during 1966-67 (July-June) aggregated Rs. 25.90 crores—Rs. 20.71 crores on account of loans and Rs. 5.19 crores in respect of underwriting of shares and debentures as compared with Rs. 25.23 crores disbursed during the previous year. Commitments outstanding on June 30, 1967, in respect of loans and underwriting assistance totalled Rs. 37.88 crores.

56. Under the scheme for refinancing of industrial loans, the IDBI sanctioned 145 applications for Rs. 20.72 crores during July 1966-June 1967, as compared with Rs. 20.35 crores in respect of 173 applications during 1965-66. Disbursal of industrial loans totalled Rs. 19.49 crores, as against Rs. 21.38 crores during 1965-66. Under the scheme for refinancing of medium-term export credits four applications for Rs. 0.58 crore were sanctioned and the amount disbursed was Rs. 0.37 crore. In regard to the scheme for guarantee of advances to the private sector coal industry, the IDBI issued 3 guarantees for Rs. 5.8 lakhs, as against 11 guarantees for Rs. 58.4 lakhs in the previous year, bringing the total number and amount of guarantees issued so far to 52 and Rs. 3.95 crores, respectively.

57. An important development concerning refinance was the reduction in the rate in respect of refinance of industrial loans from  $8\frac{1}{2}$  per cent (which had been in force since March 5, 1965) to 6 per cent, effective July 1, 1967; the application of the reduced rate is subject to the condition that the institution availing of refinance does not itself charge on its corresponding loan more than  $8\frac{1}{2}$  per cent per annum. In other cases, the normal rate of  $6\frac{1}{2}$  per cent per annum continues to be applicable. In November 1966, the penal charge hitherto levied on financial institutions for earlier repayment of the loan or part thereof was discontinued.

58. Subscription by the IDBI to shares and bonds of financial institutions amounted to Rs. 7.40 crores during the year as against Rs. 1.67 crores in 1965-66. Of this, Rs. 6 crores (out of total sanctions of Rs. 3 crores) were disbursed to the Industrial Credit and Investment Corporation of India against the issue of special debentures, representing Governments, budgetary assistance to the ICICI. The Bank also contributed Rs. 25 lakhs to the share capital of the Madras Industrial Investment Corporation Ltd., Rs. 6.25 lakhs to the share capital of the Jammu and Kashmir State Financial Corporation, and Rs. 1.09 crores to the bonds issued by the State Financial Corporations of Andhra Pradesh, Mysore, Maharashtra, Kerala, Uttar Pradesh and Orissa and also the Madras Industrial Investment Corporation. The total contribution of the IDBI since its inception to the shares and bonds of state financial corporations aggregated Rs. 5.24 crores, which was financed by recourse to borrowings from the National Industrial Credit (Long Term Operations) Fund of the Reserve Bank of India.

59. The coverage of the scheme for rediscounting of bills arising out of sales of indigenous machinery on deferred payment basis was extended to include all machine making industries from November 15, 1966, in order to encourage indigenous machinery manufacturers and thus give an impetus to import substitution. To prevent diversion of such assistance to larger projects and as assistance under the Scheme could only be medium-sized, it was decided that cases involving rediscounting of bills for more than Rs. 25 lakhs relating to any purchaser, over a year, should obtain prior clearance from the IDBI. At the same time, in order to extend the benefit of the scheme to a larger segment of small purchasers, the minimum amount of the transaction was lowered from Rs. 1 lakh to Rs. 50,000 generally and in case of agricultural implements to Rs. 15,000. The procedures governing the scheme was also simplified during the year. Under the Scheme, the Bank rediscounted bills for Rs. 7.09 crores as compared with only Rs. 2.25 crores during 1965-66, bringing the total bills rediscounted since the inception of the scheme in April 1965 to Rs. 9.42 crores.

60. The Report for 1965-66 referred to the introduction on April 1, 1966, by the IDBI, of the Scheme for participation in loans and guarantees, to supplement the refinancing operations with a measure of risk-sharing with other institutions on a systematic basis. Under this scheme, the IDBI sanctioned upto the end of June 1967 Rs. 5.68 crores by way of loans to 5 industrial concerns in participation with eligible financial institutions; of this amount Rs. 3.09 crores were disbursed. The extent of IDBI's participation in the scheme varied between 56 per cent and 80 per cent of the total assistance.

61. The resources position of the IDBI was strengthened during the year through borrowings from the Government and the Reserve Bank which are the main source of funds besides repayment of assistance disbursed. Total borrowings from the Reserve Bank amounted to Rs. 5.24 crores and from the Government Rs. 127.5 crores. Borrowings from Government are inclusive of Rs. 33.50 crores drawn up to end-August 1964 by the Refinancing Corporation for Industry Ltd. Borrowings from the Government during the year amounted to Rs. 34.60 crores. In addition, during June 1967, a sum of Rs. 10 crores was received from the Reserve Bank of India, by way of further subscription towards the issued capital of the IDBI, thus raising it to Rs. 20 crores.

62. In the context of reduced level of activity in the capital market, substantial assistance was provided to the corporate sector during the year by other financial institutions. The Industrial Credit and Investment Corporation of India sanctioned net assistance of Rs. 19.12 crores during the year ended March 1967 as against Rs. 23.09 crores<sup>@</sup> in 1965-66. Of this, loans in foreign currencies amounted to \$ 8.4 million or Rs. 6.30 crores, rupee loans Rs. 5.65 crores, guarantees Rs. 1 crore, underwriting of shares and debentures Rs. 5.93 crores and direct subscription to shares Rs. 0.24 crore. The amount actually disbursed was higher at Rs. 22.60 crores—Rs. 12.92 crores in foreign currencies and Rs. 9.68 crores in rupees—as against Rs. 19.29 crores<sup>†</sup> disbursed in the preceding year. Since its inception in 1955 upto the end of March 1967, the Corporation sanctioned net assistance aggregating Rs. 184.87 crores to 433 companies which was made up of foreign currency loans of the equivalent of Rs. 104.99 crores, rupee loans Rs. 36.70 crores, guarantees Rs. 3.25 crores, underwriting of shares and debentures Rs. 33.83 crores and direct subscription to shares and debentures Rs. 6.10 crores. The amount disbursed till March 1967 aggregated Rs. 122.34 crores or two-thirds of the total sanctions and comprised Rs. 73.52 crores in foreign currencies and Rs. 48.82 crores in rupees. Outstanding loans and advances of the Industrial Finance Corporation of India rose

<sup>@</sup> Rs. 29.60 crores at post-devaluation value.

<sup>†</sup> Rs. 25.30 crores at post-devaluation value.

substantially by Rs. 23.97 crores during the eleven-month period July 1966-May 1967, as against Rs. 16.08 crores during the whole of 1965-66; those of the State Financial Corporations increased by Rs. 10.54 crores during the year as against Rs. 10.97 crores during 1965-66. The Industrial Finance Corporation of India and the State Financial Corporations also invested in shares of industrial concerns, both as direct subscription and as part of the underwriting arrangement.

63. With the increasing reliance of the corporate sector on term-lending institutions for a substantial part of its financial requirements, these institutions further augmented their resources during the year. The Industrial Credit and Investment Corporation obtained during the year 1966-67 (April-March) an advance of (i) Rs. 3 crores from the Government of India (referred to in the last year's Report), bringing total borrowings so far from Government to Rs. 32.50 crores, and (ii) Rs. 3 crores from the IDBI against the issue of 5½ per cent Special Debentures. As a result of this advance, a fresh line of credit of DM 5 million was obtained from the Kreditanstalt für Wiederaufbau of the Government of Federal Republic of Germany bringing the total credit sanctioned by that institution to DM 65 million. The Industrial Finance Corporation of India issued 5½ per cent twelve-year bonds for Rs. 6 crores in September 1966, while a further loan of DM 85 million. Two state financial corporations, viz., Uttar Pradesh and Madras in February 1967 bringing the total loans sanctioned by it to the Corporation to DM 85 million. Two state financial corporations, viz., Uttar Pradesh and Madras Industrial Investment Corporation raised their paid-up capital by Rs. 45 lakhs and Rs. 50 lakhs respectively, while seven corporations floated bonds for an aggregate sum of Rs. 6.50 crores. At the end of June 1967, seven State financial corporations had accepted fixed deposits aggregating Rs. 13.65 crores. Besides, the state financial corporations availed themselves of borrowing facilities from the Reserve Bank against Government securities and ad hoc bonds. Some of the Corporations took advantage of the refinancing facilities made available by the IDBI. At the end of June 1967, total refinancing facilities made availed of by fourteen corporations (including MIIC) and outstanding aggregated Rs. 14.61 crores.

64. During the year, six State Financial Corporations were inspected by the Reserve Bank in terms of Section 37A of the State Financial Corporations Act, while the inspection of one more was in progress at the close of the year.

#### Financing of Small-Scale Industries

65. An important development relating to financing of small-scale industries was the widening of the coverage, during the year, of the Government of India scheme for the guarantee of advances granted to small-scale industries, by specified banks and financial institutions. Hitherto, under the scheme, only those industrial units whose investment of a capital nature (i.e. investment in land, building and plant and machinery, including the capitalised value of rented premises, if any, but excluding the amount spent on housing and amenities for workers) did not exceed Rs. 5 lakhs, were treated as small-scale industries for purposes of the scheme. Effective March 1, 1967, however, the definition of small-scale industries for the purpose of the scheme was revised, so as to include all industrial undertakings, having investment in plant and machinery of a value not exceeding Rs. 7½ lakhs. The list of credit institutions eligible to avail of the guarantee facility was also expanded to include all central cooperative banks and specified non-scheduled banks while the scheme of guarantee assistance was itself liberalised by increasing the cover against loss in respect of any one advance from Rs. 1 lakh to Rs. 2 lakhs and by extending the guarantee for term advances from 7 years to 10 years.

66. During the year ended June 1967, the Reserve Bank, which is entrusted with the administration of the scheme, received 19,137 applications for credit limits aggregating Rs. 82.31 crores, compared with 14,208 applications for Rs. 60.19 crores during 1965-66 and 9,015 applications for Rs. 39.29 crores in 1964-65. The amount, for which guarantees were issued was higher at Rs. 55.97 crores in 1966-67 as against Rs. 50.45 crores in 1965-66 and Rs. 29.47 crores in 1964-65. Since the inception of the scheme in July 1960 till the end of June 1967, the Bank received 53,545 applications for guarantee in respect of credit limits amounting to Rs. 227.97 crores and issued 44,928 guarantees covering credit limits amounting to Rs. 172.63 crores. Though the bulk of the applications continued to be received from the State Bank of India other specified credit institutions have been increasingly taking advantage of the facility under the scheme. Since the inception of the scheme up to June 1967, 77 claims aggregating Rs. 9.74 lakhs were paid under the scheme.

67. The State Bank of India under its liberalised scheme increased its assistance to small-scale industrial units, small-scale industrial co-operative and units in the Rural Industries Projects. The number of units assisted rose from 9,333 at the

end of March 1966 to 11,142 by end-March 1967, and the working capital limits sanctioned to them from Rs. 51.93 crores to Rs. 66.97 crores. At the end of March 1967, the outstanding advances under the scheme stood at Rs. 36.29 crores. The working capital limits sanctioned by the seven subsidiaries of the bank under the liberalised scheme also increased from Rs. 13.73 crores in respect of 2,213 units at the end of March 1966 to Rs. 18.66 crores in respect of 3,133 units at the end of March 1967. The outstandings were Rs. 8.36 crores at the end-March 1967.

68. Other assistance provided by the State Bank and its subsidiaries includes (i) medium-term credit facilities to small-scale industries for expansion and modernisation, (ii) assistance under the Instalment Credit Scheme to small and medium-sized business concerns, engaged in approved manufacturing operations, for facilitating purchase of equipment or machinery, and (iii) advances to units engaged in export industries.

#### Unit Trust of India.

69. The operations of the Unit Trust of India during 1966-67 were marked by an impressive recovery in the sale of units, in contrast to the sharp decline in the preceding year. Total units sold during the year 1966-67 (July-June) aggregated Rs. 9.24 crores in respect of 41,570 applications; of this Rs. 9.18 crores in respect of 41,516 applications were invested by individuals. In 1965-66, only Rs. 2.15 crores worth of units under 10,024 applications were sold.

70. Repurchases of units during the year 1966-67 amounted to Rs. 1.99 crores, of which Rs. 1 crore was accounted for by a single institutional unit-holder; this works out to 6.9 per cent of the aggregate funds subscribed by unit-holders. In 1965-66, repurchases amounted to Rs. 1.09 crores. The total number of unit-holders on June 30, 1967 exceeded 1,69,000 as against 1,34,621 a year ago.

71. The Trust has announced an income distribution to unit holders for the year 1966-67 at the rate of 7 per cent—the same as that for the previous year. This is free of income-tax upto Rs. 1,000 to individual unit holders, irrespective of their other income.

72. As part of the sales promotion effort, the network of individual agents for canvassing sale of units, referred to in last Report, is being expanded. The number of agents and stock-brokers on the Trust's approved list now exceeds 800. Besides these agents and stock-brokers, units are being sold through over 14,000 post offices and 4,000 branches of leading commercial banks.

73. The work relating to sale and repurchase of units has been decentralised effective July 1, 1967. From that date, the four offices of the Trust at Bombay, Calcutta, Delhi and Madras have been dealing with the work relating to sale and repurchase of units emanating from their respective regions (which correspond to the four currency circles of the Reserve Bank). The Trust will thus be in a position to offer better and prompt service to unit-holders in the region concerned. Besides, the regional offices should be of help in the larger task of mobilisation of savings.

74. The total investments of the Trust at the end of May 1967 aggregated Rs. 33.6 crores and covered a wide range of manufacturing, financial and public utility enterprises. Of the total investments, ordinary shares of corporate enterprises accounted for Rs. 13.7 crores (40.8 per cent), preference shares Rs. 3.7 crores (11.0 per cent), debentures Rs. 12.8 crores (38.1 per cent), bonds of public corporations Rs. 0.07 crores (2.1 per cent) and the balance of Rs. 2.7 crores (8.0 per cent) represented advance deposits in respect of purchase of debentures and preference shares, application money and treasury bills. Incidental to its investment activities, the Trust continued to provide underwriting facilities, with respect to new issues by old and established companies by way of firm commitment to invest upto the amounts underwritten.

75. The Working Group on Saving-cum-Insurance Plan appointed by the Reserve Bank at the request of the Trust (vide last Report) completed its work and submitted its Report to the Bank. It is expected that a Savings-cum-Insurance Plan would be initiated by the Trust before long with the cooperation and assistance of the Life Insurance Corporation.

76. A classification of unit-holders according to the size of transactions shows that roughly one out of nine applications during the calendar year 1966 was for ten units, and one out of four applications was for 20-50 units. Roughly, one in five applications was for 60-100 units. Thus, almost six out of every ten applications were for 100 units or less. Salary and wage earners continued to be the



largest single group investing in units. This category accounted for 50 per cent of the number of the applications and absorbed 40 per cent of the number of units sold.

### Strengthening of the Banking Structure

77. The process of consolidation of the banking system in the country, through voluntary mergers of non-viable units with others, made further progress during the year. Six banks transferred their liabilities and assets to five other banks, while the business of three banks was acquired by the State Bank of India under Section 35 of the State Bank of India Act, 1955. In 1965-66, 14 Banks had transferred their liabilities and assets to eleven other banks, while the business of three banks was taken over by the subsidiaries of the State Bank. During the year under review, no bank was amalgamated with another bank either under Section 44A or under Section 45 of the Banking Regulation Act. As regards liquidation of banks during the year, two non-scheduled banks were ordered to be wound up by Court, while four non-scheduled banks went into voluntary liquidations, after obtaining from the Reserve Bank a certificate under Section 44(1) of the Banking Regulation Act, 1949. The Reserve Bank issued such certificates to sixteen non-scheduled banks during the year, to enable them to go into voluntary liquidation.

78. Annual inspection of all banks, which is an integral part of the process of strengthening the banking structure, was made in respect of 52 scheduled banks and 15 non-scheduled banks during the year, under Section 35 of the Banking Regulation Act, 1949. In addition, scrutiny of affairs of 22 banks was carried out for various purposes including (1) judging whether there is a *prima facie* case for misfeasance proceedings, (2) for issue of certificate under Section 44(1), (3) for determining the future set-up of banks, and (4) for determining the progress made in rectification of defects.

79. Seventy-four banks sent comments/representations on the inspection reports. After examining these, directions were issued to 37 banks, while 14 banks were asked to submit periodical progress reports. In the case of 15 banks, no action was considered necessary, while the remaining 8 cases were under consideration. With a view to pointedly bringing to the notice of banks the main defects in their working, representatives of such banks were called for informal discussions, and the need for taking urgent steps for removing those defects was impressed upon them. In order to reduce the time-lag between the completion of the inspection reports and taking final action thereon, simultaneously with the forwarding of copies of inspection reports, eight banks were asked to take certain specific steps and to submit monthly/quarterly progress reports. At present 51 banks (31 scheduled and 20 non-scheduled) are working under directions issued by the Reserve Bank and submitting periodical reports, while 20 other banks are only submitting monthly/quarterly progress reports. In 35 cases, observers were deputed to attend the Board/Committee meetings of the banks.

80. In view of a considerable rise in recent years in the volume and range of guarantee business of commercial banks, the Bank appointed an Informal Advisory Committee under the Chairmanship of one of the Deputy Governors of the Bank for assessing the implications for the banking system of this increase in the guarantee business and examining the need for its regulation. On the basis of the recommendations of the Committee, the Governor laid down on May 3, 1967, certain guidelines for the banks in respect of the total volume of guarantee business of individual banks, the purpose of the guarantee, the period of maturity, security offered and distribution of risk.

### Deposit Insurance Corporation

81. The number of banks insured under the facility provided by the Deposit Insurance Corporation, which had declined from 138 at the end of June 1965 to 107 by end-June 1966, declined further to 96 by the end of June 1967. This was the result of registration of one new bank and cancellation of registration in respect of 12 banks. Of these 12 banks, cancellation of 9 cases was due to transfer of their deposit liabilities and equivalent assets, in the case of one bank (because of its merger with another institution) and in the case of the remaining two banks the cancellation was consequent upon the sanction by the Central Government of a scheme for the administration of the banks under the Defence of India Rules.

82. The Corporation's liability for payment of the insured deposits was attracted during the year in the case of two insured banks for a total of Rs. 18.62 lakhs. Since its inception in January 1962 upto the end of June 1967, the Corporation

met claims aggregating Rs. 57.21 lakhs in respect of 11 banks. During the year the Corporation received reimbursements amounting to Rs. 18.40 lakhs, total reimbursements received since 1962 amounting to Rs. 32.53 lakhs and relating to 11 banks.

83. A development soon after the close of the year was introduction in the Lok Sabha on July 17, 1967 of the Deposit Insurance Corporation (Amendment) Bill, 1967 to amend the Deposit Insurance Corporation Act, 1961, so as to extend the scheme of deposit insurance to cover State, central and larger primary non-agricultural credit societies, i.e., urban co-operative banks with paid-up capital and reserves of Rs. 1 lakh or more.

### Branch Expansion Programme

84. The Report for 1965-66 referred to the progress made under the first three-year branch expansion programme which concluded on July 31, 1965. By end-June 1967, the number of offices opened under the programme rose to 602 of which 224 were at unbanked centres. Under the second expansion programme covering the two-year period August 1965 to July 1967, the Bank approved the opening of 663 offices, of which 239 are to be at unbanked centres. Upto the end of June 1967, licences were issued for 508 new offices, of which 172 are at unbanked centres. Against these licences, banks have opened 389 offices, including 139 at unbanked centres.

85. As part of the second and third branch expansion programmes launched by the State Bank of India, two more centres were approved during the year (July 1966-June 1967) under the second expansion programme bringing the total number of approved centres under that programme to 165; against these, the State Bank has so far opened 143 branches, of which 11 branches were opened since July 1966. The bank was advised that branches at centres approved under the second expansion programme should be opened by December 1968, and that no additional centres would be approved under this programme. Under the third expansion programme, in terms of which the State Bank is required to open 319 branches at Treasury/Sub-Treasury centres during the five years 1964 to 1968, it has so far opened 185 branches, of which 60 were opened during the year ended June 1967.

86. During the year July 1966 to June 1967, the subsidiaries of the State Bank of India opened 52 branches under the second five-year expansion programme, of which four were one-man offices. Thus, during July 1966 to June 1967, the State Bank and its subsidiaries together opened 123 branches under their expansion programmes. The total number of offices of the State Bank and its subsidiaries, as at the end of June 1967, stood at 2,146. Other scheduled banks (i.e. other than the State Bank of India and its subsidiaries) opened 184 new offices during the year at places which were not previously served by either a scheduled bank or a non-scheduled bank having paid-up capital and reserves of over Rs. 50,000 and 268 new offices at other centres. In addition, 10 offices were added as a result of amalgamation/take-over of offices of non-scheduled banks consequent upon transfer of their assets and liabilities. On the other hand, 13 offices were closed during the year ended June 1967. The total number of offices of scheduled banks thus increased by 470 during the year ended June 1967 from 6,122 to 6,592.

87. Five more clearing houses were established during the year under review, thus bringing the total number of clearing houses in the country to 89 at the end of June 1967. Of these, 7 are managed by the Reserve Bank, 68 by the State Bank of India (including the one that was previously managed by a commercial bank) and 14 by the subsidiaries of the State Bank of India.

### Regulation of Business of Non-Banking Institutions relating to Acceptance of deposits.

88. Mention was made in last years' Report of the two directives issued by the Reserve Bank in January 1966—one to non-banking non-financial companies (except those under certain exempted categories) and the other to non-banking financial companies which carry on or finance hire-purchase business—and the amendments made to the directives on April 4 and June 29, 1966. The directive issued to non-banking non-financial companies was further amended on September 7, 1966 in order to permit intercorporate investments in the form of deposits among Government companies.

89. A Survey of deposits with non-banking companies as of March 31, for the years 1962 to 1965 was carried out by the Bank during the year. According to the Survey, the total number of deposit accounts in the non-banking corporate

sector increased by about 1 lakh, and the total volume of deposits by about Rs. 75 crores to Rs. 209 crores during the period March 1962 to March 1965. The Survey also disclosed that the less well-managed and smaller-sized private limited companies continued to rely on deposits to a much larger extent than was justified by their capital base—indicating, *prima facie*, over trading preceded or followed by the acceptance of commitments which were unduly large in relation to their own financial position, liquid resources or ability to repay the deposits within relatively short-term periods. In the context of this and the reported failure of some companies in and around Delhi, two new directives were issued on October 29, 1966 in supersession of all the earlier notifications and orders, viz. the Non-Banking Financial Companies (Reserve Bank) Directions, 1966, and the Non-Banking Non-Financial Companies (Reserve Bank) Directions, 1966. These new directives came into effect from January 1, 1967. The Non-Banking Financial Companies (Reserve Bank) Directions, 1966 are applicable to all financial companies, irrespective of whether they accept deposits or not, while the Non-Banking Non-Financial Companies (Reserve Bank) Directions 1966 are applicable only to those non-financial companies which have been accepting deposits from the public. The two directives taken together broadly provide for—

- (i) controlling terms and conditions on which deposits can be accepted;
- (ii) restriction of deposits to 25 per cent of paid-up capital and free reserves in the case of both non-banking financial and non-banking non-financial companies, other than housing finance and hire-purchase finance companies; companies having deposits in excess of the ceiling, were allowed a period of two years to bring the deposits within the ceiling;
- (iii) maintenance of liquid assets equivalent to 10 per cent of outstanding deposits in the case of hire-purchase and housing finance companies;
- (iv) ensuring that hire-purchase debts are collected within a reasonable period;
- (v) furnishing of information in sufficient detail by financial companies regarding their operations, and by non-financial companies regarding their deposits and hire-purchase transactions. The Bank also issued two orders on April 4, 1967, regarding payment of interest on premature withdrawal of deposits.

### III. DEVELOPMENTS IN CO-OPERATIVE BANKING

90. In the context of the programmes for the intensive development of agriculture, which are likely to generate an increasing demand for credit, the need for strengthening the co-operative credit structure has become paramount. An effective implementation of the crop loan system, to which a reference was made in the last year's Report, and the reorganisation of primary agricultural credit societies on the basis of viability received emphasis during the year. Important developments in the sphere of co-operative banking were (i) the inclusion of twelve State co-operative banks in the Second Schedule to the Reserve Bank of India Act, (ii) the enactment of the Banking Regulation (Co-operative Societies) Rules, 1966, which came into force with effect from December 3, 1966 and (iii) the issue of directives to co-operative banks under Section 21 of the Banking Regulation Act, 1949 restricting their advances against cotton and kapas, following the imposition of similar restrictions on advances of scheduled commercial banks.

91. In the sphere of co-operative credit policy, an important development was the appointment by the Reserve Bank of the All-India Rural Credit Review Committee in July 1966 and a Working Group on Industrial Financing by Co-operative Banks in June 1967, in pursuance of the recommendations made by the Bank's Standing Advisory Committee on Rural and Co-operative Credit. The All-India Rural Credit Review Committee under the chairmanship of Shri B. Venkatapillai, is required to review the supply of rural credit in the context of the Fourth Plan generally, and in particular in the context of the requirements of the intensive programmes of agricultural production contemplated in different parts of the country, and make recommendations, particularly in respect of the progress of the supply of rural credit, the working of the crop loan system, the progress and significance of rural branches of commercial banks, the schemes of rural pilot centres and one-man offices of the State Bank, and the progress made in respect of agricultural credit corporations and allied matters.

92. The Working Group on Industrial Financing by Co-operative Banks under the chairmanship of Shri P. N. Damry, Deputy Governor, is to examine the existing situation regarding the resources available to co-operative processing industries and

co-operative cottage and small-scale industries from the co-operative banking structure as also the question of bringing closer inter-relationship between the various types of co-operative banks and between the higher financing agencies and these banks from the point of view of ensuring adequate flow of funds to co-operative processing industries and cottage and small-scale industries.

### Co-operative Credit: Policy, Procedures and Operations

93. With a view to assisting the process of implementation of the crop loan system, the Reserve Bank prepared and published a manual in June 1966 for distribution to the Co-operation and the Agriculture Departments of the State Governments, the State co-operative banks, the central banks and others concerned. The manual has been translated into regional languages. As in 1965-66, the officers of the Bank participated in the State Level Conferences on the crop loan system organised by the Government of India in the various States, so as to facilitate a proper understanding of the system in all its aspects.

94. In the context of providing adequate finance for stepping up agricultural production, the Conference of State Ministers for Co-operation held at Hyderabad in June 1964 had emphasised the need for the reorganisation of primary agricultural credit societies on the basis of viability (*vide* 1963-64 Report). The Conference had recommended that the State Governments should carry out surveys of all existing societies, work out, for each area, the volume of business necessary to attain a viable status and formulate specific programmes for enabling the societies to attain viability. Accordingly, most of the State Governments have carried out the surveys and the societies which are very weak or which do not have chances of attaining the desired standards are to be liquidated or amalgamated. The total number of societies is expected to be thus reduced from 2.01 lakhs at the end of 1964-65 to 1.28 lakhs by the end of the Fourth Plan. With a view to enabling the societies to meet their establishment charges till they reach the necessary level of loan business, the Government of India decided in May 1966 to raise the level of subsidy for appointment of paid managers.

95. During the year, the Bank decided that 'C' class co-operative banks which had adopted the crop loan system or were working in special project areas or were serving areas affected by drought and scarcity and which had approached the Reserve Bank for loans from the National Agricultural Credit (Stabilisation) Fund, should be exempted from maintaining non-overdue cover for borrowings from the Bank, if a request to that effect was received. A similar concession in maintenance of non-overdue cover was agreed to be given to 'A' and 'B' class banks also in areas affected by drought if they applied for it. The total credit limits sanctioned by the Bank to the State co-operative banks for financing seasonal agricultural operations and marketing of crops at the concessional rate of 2 per cent below the Bank rate increased from Rs. 212.66 crores in 1965-66 to Rs. 226.26 crores in 1966-67. Drawals aggregated Rs. 282.97 crores during the above period, while repayments were Rs. 291.90 crores; the outstandings at the end of the year were Rs. 134.80 crores as against Rs. 143.73 crores at the end of 1965-66. A sum of Rs. 1.70 crores was also sanctioned to two State co-operative banks at Bank rate to enable them to convert short-term loans granted by them to central co-operative banks for seasonal agricultural operations and marketing of crops, into medium-term loans. The amount drawn and outstanding was Rs. 0.68 crore.

96. The Reserve Bank also sanctioned special credit limits at the concessional rate of 2 per cent below the Bank rate for the high-yielding varieties programme during *khari* and *rabi* 1966-67 aggregating Rs. 17.74 crores and Rs. 13.50 crores, respectively. The amounts drawn by State co-operative banks were Rs. 3.94 crores and Rs. 2.34 crores, respectively. It may be added that the granting of such special limits has been discontinued from the current year (1967-68) in consultation with the Government of India. The requirements of the high-yielding varieties programme for 1967-68, will however be fully taken into consideration while considering the total short-term agricultural lending programme of the central banks.

97. In view of the reduction of the period (from 18 months to 6 months) and in the volume of short-term credit (from full value of the consignment to 50 per cent) made available by the Government of India to State Governments, for distribution of chemical fertilisers, and the likely inability of co-operatives to take up the responsibility without adequate financial assistance, the Reserve Bank indicated its willingness to sanction credit limits to State

co-operative banks, at Bank rate against Government guarantee under Section 17(4)(c) of the Reserve Bank of India Act for financing stocking and distribution of chemical fertilisers. Credit limits aggregating Rs. 27 crores were sanctioned operative during the calendar year, 1967, but no drawals had been made on them till the end of June 1967.

98. The medium-term credit limits for agricultural purposes sanctioned by the Reserve Bank during 1966-67 at a concessional rate of  $1\frac{1}{2}$  per cent below the Bank rate amounted to Rs. 15.34 crores, as compared with Rs. 14.06 crores sanctioned last year. Drawals on limits came to Rs. 8.37 crores as compared with Rs. 7.45 crores in the previous year; outstandings as on June 30, 1967 were Rs. 15.41 crores. The Reserve Bank has also decided to sanction medium-term loans to State co-operative banks for financing the purchase of shares in co-operative cotton ginning and pressing societies, groundnut oil mills and rice mills. Some policy aspects regarding medium-term loans from the Reserve Bank were reviewed at the thirty-sixth meeting of the Bank's Standing Advisory Committee on Rural and Co-operative Credit held on May 23, 1967. While agreeing to the continuation of the existing policy of reimbursement followed by the Reserve Bank for sanctioning medium-term loans to State co-operative banks for agricultural purposes, the Committee noted that (i) in deserving cases, the basic level would be suitably relaxed by the Reserve Bank, if necessary spontaneously, and (ii) the inadequate drawals of medium-term credit limits by State co-operative banks could be remedied if the co-operative banks sent their applications in time to the Reserve Bank and the State Governments executed their guarantees quickly. The Committee recommended that if relevant conditions were satisfied, the Reserve Bank might consider granting medium-term loans for five years to a larger extent than at present, so that the needs of a well-designed programme of intensive development in an area did not suffer for want of medium-term funds. If a longer period was found necessary, the cultivators should be advised to approach co-operative land mortgage banks.

99. It was mentioned in the last Report that in respect of financial accommodation to State co-operative banks for financing the production and marketing of handloom weavers' societies, the assistance would be on the basis of actual production and sales and not on the number of looms and the scale of finance fixed per loom. However, in view of the difficulties experienced by the societies in complying with the requirements of the change-over, particularly those relating to the maintenance of 10 per cent margin and fixation of assistance on the basis of past sales, the Bank agreed to treat, as a temporary measure, certain items of assets as cover for borrowings in lieu of the margin of ten per cent prescribed. The Bank also agreed to fix the normal credit limit for a society at one-fourth instead of one-fifth of its actual production in the previous year, in addition to a reasonable estimate of the likely increase in production in the current year. The credit limits sanctioned by the Bank for financing the production and marketing activities of handloom weavers' societies for the financial year 1966-67, at the concessional rate of  $1\frac{1}{2}$  per cent below the Bank rate under Section 17(2)(bb) or (4)(c) of the Reserve Bank of India Act totalled Rs. 6.48 crores as compared with Rs. 6.73 crores in 1965-66. The drawals amounted to Rs. 4.87 crores and outstandings at the end of the year stood at Rs. 4.85 crores. In addition, a sum of Rs. 0.17 crore was drawn by one State co-operative bank under Section 17(4)(a) of the Reserve Bank of India Act at the concessional rate for financing handloom weavers' co-operatives during 1966-67 and the entire amount was outstanding at the end of the financial year. The Bank also sanctioned Rs. 1.00 crore at Bank rate under Section 17(2)(a) or (4)(c) of the Reserve Bank of India Act for financing commercial or trade transactions of apex handloom weavers' societies for the financial year 1966-67. Drawals aggregated Rs. 0.58 crore and outstanding were Rs. 0.24 crore at the end of the financial year.

100. As scarcity conditions continued to prevail in certain parts of the country, the National Agricultural Credit (Stabilisation) Fund had to be utilised again for converting, into medium-term loans, the short-term dues to the Reserve Bank from the State and central co-operative banks in the affected areas. During the year, Rs. 7.45 crores were sanctioned to four State co-operative banks on behalf of 79 central co-operative banks at the concessional rate of  $1\frac{1}{2}$  per cent below the Bank rate, against which the State co-operative banks drew Rs. 6.43 crores. The implementation of the scheme of building up the agricultural credit stabilisation funds at various levels of the co-operative credit structure (*vide* 1964-65 and 1965-66 Reports) was pursued by the Reserve Bank with the Government of India and the State Governments. During

the financial year 1966-67, the Government of India provided Rs. 6.78 crores to eight State Governments to enable them to strengthen the stabilisation funds of the State co-operative banks. The All-India Rural Credit Survey Committee had also recommended the creation of Agricultural Credit (Relief and Guarantee) Funds by the Central and State Governments to meet situations arising out of recurring natural calamities, necessitating writing off of the dues of co-operative credit institutions. Such funds have been created by all the State Governments but the total amount to their credit was only Rs. 97.00 lakhs as on March 31, 1966. The Bank is pursuing the question of augmenting the amounts available in these funds and of a Fund being set up for the purpose by the Government of India.

101. Loans amounting to Rs. 2.47 crores were sanctioned to 14 State Governments during the financial year 1966-67 out of the National Agricultural Credit (Long-term Operations) Fund to enable them to contribute to the share capital of 46 central co-operative banks, 1780 primary agricultural credit societies and five central land mortgage banks. The State governments drew a sum of Rs. 2.27 crores against these sanctions and repaid Rs. 3.47 crores in respect of previous loans. The total amount due from the State governments as on March 31, 1967 was Rs. 28.22 crores.

102. As in the previous year, the Reserve Bank of India convened in March 1967 a meeting of the representatives of the central land mortgage banks, the Life Insurance Corporation of India, the State Bank of India and the Government of India to discuss the debenture programme of the central land mortgage banks. A programme of Rs. 57.40 crores was approved on the basis of an assured support totalling Rs. 30 crores from the Government of India, the Life Insurance Corporation of India, the State Bank of India and the Reserve Bank of India. The support from the Government of India, which will amount to Rs. 10 crores, is subject to the condition that (i) the State Governments concerned will contribute a specified amount to the debentures of their land mortgage banks, and (ii) the land mortgage banks will have to show, as cover for the contributions made by the Central Government, unencumbered mortgages of an equal or larger amount for certain specified purposes. The support from the three public sector institutions is, on the other hand, subject to the condition that at least 80 per cent of the loans shown as cover for debentures should be for productive purposes.

103. A development of significance in this context is the increased role of commercial banks in supporting the debentures of land mortgage banks. The Bank addressed a letter to the commercial banks in September 1966, explaining the importance of the programme of land development being financed by the land mortgage banks and the relative merits of investment in their debentures as compared to other types of securities. The commercial banks increased their support to the debentures of land mortgage banks from Rs. 0.93 crores in the financial year 1965-66 to Rs. 3.85 crores in 1966-67.

104. During the year ended March 1967, central land mortgage banks issued ordinary debentures for Rs. 58.02 crores, of which Rs. 4.37 crores were taken up by the Bank, while the State Bank, the Life Insurance Corporation, the State Governments and the Government of India subscribed Rs. 34.81 crores. The contributions from co-operative institutions were Rs. 13.34 crores and the balance was taken up, among others, by commercial banks. The Bank also subscribed to the rural debentures issued by the central land mortgage banks to the extent of Rs. 1.63 crores in the agreed proportion (Bank support: the public response) of 8:7. On June 30, 1967, the Bank's holdings in ordinary and rural (including special) debentures were Rs. 20.74 crores and Rs. 7.20 crores, respectively.

105. During the year under report, 127 non-agricultural credit societies were included in the list of primary co-operative banks while 79 societies, earlier classified as primary co-operative banks, were excluded from the list. Further, four State co-operative banks were included in the list and one bank was deleted, bringing the total number of State co-operative banks to 29 as at the end of June 1967. The number of central co-operative banks was reduced from 382 to 381 due to amalgamation. As a result, the total number of co-operative banks brought under the Banking Regulation Act increased during the year from 1,600 to 1,650. The latter consisted of 29 State co-operative banks, 381 central co-operative banks and 1,240 primary co-operative banks. Also, under the provision of Section 42, twelve State co-operative banks were included in the Second Schedule to the Reserve Bank of India Act.

106. The number of licensed co-operative banks as on 30 June 1967 was seven consisting of one State co-operative bank, three central co-operative banks and three newly registered primary co-operative banks all of which were issued licences during the year 1966-67. Licences were also issued to eight co-operative banks for opening fifteen new places of business at various centres, while one application for such licence was rejected and one was withdrawn.

107. In view of the shortage of raw cotton and *kapas* and the sharp rise in their prices, the limited control imposed on advances of scheduled commercial banks against these commodities was extended to similar advances made by State and central co-operative banks. A directive was issued to all scheduled State co-operative banks on April 22, 1967 and to all non-scheduled State co-operative banks and central co-operative banks on May 2, 1967, restricting their advances against cotton and *kapas* to a percentage of such advances during or at the end of specified periods. Advances to co-operative cotton mills were later exempted from the provisions relating to ceiling requirement of these directives, while certain central co-operative banks in Gujarat which represented were given an extension of time for bringing down their advances.

108. During the year, seventeen State co-operative banks, 263 central co-operative banks, and 178 primary co-operative banks were inspected on a statutory basis in terms of Section 35 of the Banking Regulation Act, 1949, of which 69 primary co-operative banks were inspected by the officers of the State co-operative banks on behalf of the Reserve Bank of India as provided for under Section 35(1) of the Banking Regulation Act and the rest by the officers of the Reserve Bank of India. The inspection of the central land mortgage banks and apex handloom weavers' co-operative societies continued to be done on a voluntary basis. Nine central land mortgage banks and three apex handloom weavers' co-operative societies were inspected during the year.

### Co-operative Development

109. The Bank's Standing Advisory Committee on Rural and Co-operative Credit met thrice during the year under report and considered subjects such as the policy regarding industrial co-operative banks and allied matters and the medium-term loan policy of the Reserve Bank (vide para 98). The Committee was of the view that for becoming eligible for obtaining credit limits as well as a licence from the Reserve Bank of India, the industrial co-operative banks should be operating in contiguous and compact areas, their individual membership should be gradually reduced and they should not undertake any non-banking business. The organisation of a new industrial co-operative bank, according to the Committee, will be justified if there is a sufficient number of industrial co-operatives of varied character in the area and the existing central co-operative bank in the area is weak or is otherwise unable or unwilling to meet the credit needs of industrial co-operatives. Also, the new as well as the existing industrial co-operative banks should be in a position to raise adequate resources and function as viable units. The Committee has also suggested (i) the constitution of a Working Group to study the question of ensuring adequate flow of funds for industrial financing through co-operative banks and (ii) a study to be undertaken of advances against cotton and *kapas* by co-operative banks in Gujarat in the light of developments during the year.

110. The Annual Conference of the Registrars of Co-operative Societies and the Conference of State Ministers for Co-operation were held in New Delhi in June and October 1966, respectively. The Conference discussed subjects such as the provision of credit facilities for the High-yielding Varieties Programme, the crop loan system, the programme of revitalisation of primary credit societies, the scheme of outright grants to special bad debt reserves of co-operative banks and societies and the strengthening of consumers' co-operatives.

111. The Informal Group on Institutional Arrangements for Agricultural Credit had recommended as a transitional arrangement, the establishment of agricultural credit corporations in the Eastern States, Rajasthan and the Union

Territories of Manipur and Tripura where co-operative credit has made comparatively little headway (*vide* 1964-65 Report). A bill, providing for the establishment of such corporations by the States and the Union Territories concerned, is likely to be introduced in Parliament as soon as possible.

112. Discussions were held, as in previous years, with the official and non-official representatives of the co-operative movement in different States during March—May 1967. Along with basic issues, such as the progress in the re-organisation of the primary credit structure on the basis of viability, important operational problems such as the prevalence of overdues, inadequacy of deposits and ineffective arrangements for supervision and audit were discussed. The follow-up of these discussions is being pursued by the Agricultural Credit Department with a view to securing timely implementation of agreed decisions.

#### **Linking between Co-operative Credit and Marketing**

113. The integrated scheme of rural credit which has been under implementation following the recommendations of the All-India Rural Credit Survey Committee (1954) envisages a close co-ordination between co-operative credit and marketing particularly from the point of ensuring that credit provided for agricultural production is recovered out of the sale proceeds of crops. The value of agricultural produce marketed by co-operatives increased from Rs. 300 crores in 1964-65 to Rs. 360 crores in 1965-66. Out of 2.01 lakh primary agricultural credit societies at the end of 1964-65, 1.25 lakh societies were affiliated to marketing societies.

114. Upto the end of the Third Five Year Plan, 12,288 rural godowns and 2,681 godowns of marketing societies were assisted under the co-operative plans; the storage capacity of these godowns when completed will be about 2 million tonnes. In addition, the co-operatives have from their own resources constructed about 1,000 godowns at mandi level and 1,500 godowns in the rural areas.

#### **Agricultural Refinance Corporation**

115. During 1966-67, the Agricultural Refinance Corporation sanctioned 15 schemes relating to the development of land such as land reclamation and soil conservation, different types of plantation crops like rubber, tea, coffee, coconut, etc., and development of fisheries. The States to be benefited by these 15 schemes are Assam, Bihar, Kerala, Madras, Maharashtra, Madhya Pradesh and Mysore. The total financial outlay involved in these schemes is Rs. 10.53 crores and the Corporation's commitment amounted to Rs. 8.53 crores or 81 per cent of the outlay. Of the 15 schemes, 4 schemes are to be financed by central land mortgage banks, the refinance amounting to Rs. 5.29 crores to be provided in the form of subscription to the special development debentures to be floated for the purpose; 2 schemes involving refinance of Rs. 1.28 crores are through a State co-operative bank and the remaining nine schemes involving Rs. 1.96 crores of refinance are to be financed by scheduled banks. The total number of schemes sanctioned by the Corporation during its four years of working is 42,\* involving a financial outlay of Rs. 43.29 crores, the Corporation's commitment being Rs. 35.34 crores.

116. In addition to the schemes actually sanctioned, several schemes are under the consideration of the Corporation. These include schemes for land reclamation, minor irrigation, wells and pump sets, development of fisheries, grapes etc.

117. During the year under review the Corporation disbursed a sum of Rs. 1.92 crores in the form of subscription to the special development debentures floated by the land mortgage banks under the schemes for the reclamation and development of land and soil conservation and Rs. 15.60 lakhs to scheduled banks under schemes for the development of tea and coffee plantations. The Corporation has so far disbursed Rs. 6.98 crores.

118. A few changes in the policy and procedures of the Corporation were made during the year. The Corporation had earlier decided that minor irrigation schemes for the construction of wells and installation of pump sets would be considered by it for refinance facilities only if they involved a large financial outlay and were to be implemented through cooperative irrigation societies in compact areas. The Corporation has since agreed to consider minor irrigation schemes implemented through individual efforts also, provided the schemes are

\*The number of schemes and the financial outlay have been reduced since 8 schemes sanctioned to the State Bank of India and one scheme sanctioned to the Madhya Pradesh State Co-operative Land Mortgage Bank in the earlier years were withdrawn and refinance cancelled.



prepared on a project basis with assured inputs, technical aid and administrative and supervisory facilities from the concerned State Governments. The guidelines on which such schemes should be formulated have been prepared and circulated among the State Governments and the Central Land Mortgage Banks. These schemes are, however, not to replace the normal finance provided for this purpose by the land mortgage banks.

119. As regards its financial assistance through scheduled banks for schemes for the development of plantation crops, the Corporation had hitherto agreed to provide financial assistance for the setting up of a processing unit for a plantation crop, only (i) if it formed an integral part of a composite scheme for the development of a plantation crop and (ii) if financial assistance was also sought for in respect of the main development viz., new planting/replanting or extension of plantation. The Corporation has since decided that refinance facilities might also be provided for setting up a processing unit alone for a plantation crop provided (i) it is satisfied about the need therefor and (ii) the activity is linked to a programme of development with assured finance from some other agency for the main development envisaged by an estate.

120. During the year under review, the Corporation brought out two booklets one each on Rubber and Tea Plantations for the benefit of planters, explaining in detail the terms and conditions and the procedure to be followed for obtaining refinance from the Corporation in respect of schemes for the development of these plantation crops.

#### IV. EDUCATION AND TRAINING

121. Recognising the importance of education and training for raising the quality and standard of banking personnel, the Reserve Bank of India has been taking an active part in sponsoring, organising and conducting appropriate courses for different categories of banking personnel. The Bank has been providing training to the personnel of commercial and co-operative banks as well as to its own staff. Further progress was made in this direction during the year under review. In order to meet the increasing demands of banking institutions for training facilities, the Bank decided to set up another college—the third of its kind—for banking personnel to be located at Poona. The Governor of the Bank laid the foundation stone for the proposed college in May 1967. In 1954, the Bank had set up Bankers' Training College in Bombay for the benefit of the supervisory staff of commercial banks, while a second college was set up by the Bank in Madras in 1963, mainly for the training of its own junior supervisory staff. A further step that is being taken by the Reserve Bank is the institution of a course in banking for the managerial personnel of urban co-operative banks. The Bank is already running courses for the managerial staff of State and central co-operative banks. With the extension of the Banking Regulation Act, 1949 to regulate *inter alia* the banking operations of the State, central and primary co-operative banks, it has become imperative to provide adequate training facilities for the staff of the co-operative banks, so that they may become more proficient in the techniques of banking.

122. During the year, the Bankers' Training College, Bombay, conducted four senior courses, three intermediate ones and one course each in foreign exchange and personnel and organisation. In addition, two courses were conducted at the College for the managerial staff of co-operative banks, in which 51 officials participated. So far, four such courses have been conducted in which 107 trainees have received training. In response to requests from representatives of some banks, the Bank also organised a course of two weeks' duration at the Bankers' Training College for the supervisory inspection staff of medium and small commercial banks. This course covered techniques and procedures of inspection and was attended by 25 bank officials. The total number of bank officials who received training during the year was 328. Since the inception of the College in 1954, 2,670 candidates have received training in different courses.

123. As regards training facilities for its own staff, the College at Madras conducted (i) 5 general courses in which 221 employees participated, (ii) 3 inspection courses for 72 employees and (iii) induction courses for newly appointed junior officers grade II for different departments of the Bank and rural credit officers, for its Agricultural Credit Department.

124. The Zonal Training Centres at Bombay, Calcutta, Madras New Delhi and Nagpur conducted training courses for the clerical staff. Induction courses were conducted for the new entrants and advanced courses for the clerical staff at senior level.

125. A Hindi Section has been set up in the Department of Administration and Personnel at the headquarters in Bombay. The Section is engaged in the translation of some of the Bank's publications, departmental manuals, etc.

126. Hindi classes are also run on a voluntary basis for the benefit of the staff at certain centres.

#### V. ACCOUNTS AND OTHER MATTERS

127. During the accounting year ended June 30, 1967, the Bank's income, after making statutory and other provisions, amounted to Rs. 85.12 crores as against Rs. 67.33 crores in the previous year. The expenditure, which included establishment expenses and provision for sundry liabilities and contingencies, amounted to Rs. 25.12 crores, as against Rs. 17.53 crores last year. The net profit available for payment to Central Government was Rs. 60 crores as against Rs. 50 crores paid last year.

128. The contributions to the National Agricultural Credit (Long Term Operations) Fund, the National Agricultural Credit (Stabilisation) Fund and the National Industrial Credit (Long Term Operations) Fund this year were Rs. 16 crores, Rs. 9 crores and Rs. 10 crores, respectively, as against Rs. 15 crores, Rs. 6 crores and Rs. 5 crores, respectively, last year.

129. The rise of Rs. 17.59 crores in income this year was mainly due to increased earnings by way of discount on Treasury bills and interest on security holdings. The rise of Rs. 7.59 crores in expenditure is mainly under the head 'Agency Charges'. There has also been some increase under 'Establishment' and 'Security Printing'. The increase under the head 'Agency Charges' is due to provision made for payment of commission at enhanced rate to the State Bank of India and its subsidiaries on turnover of Government transactions for the years 1963-66 and 1966-67 for which scales of commission have yet to be fixed. The increase under the head 'Establishment' is mainly due to payment of dearness allowance at enhanced rates to 'Award Staff' owing to the rise in index figures, revision of pay scales of the Class IV staff and increments granted to the staff in the time scales of pay. The increase under 'Security Printing' is due to rise in the manufacturing cost of Bank Note Forms and increase in the indents for their supply.

#### Auditors

130. The accounts of the Bank have been audited by Messrs S. B. Billimoria and Co. of Bombay, Messrs Brahmdaya and Co. of Madras and Messrs Ray and Ray of Calcutta, who are appointed by the Government of India as auditors of the Reserve Bank of India for the year 1966-67 by notification No. F. 3(54)—BC/66 dated October 5, 1966 issued in exercise of the powers conferred by Section 50 of the Reserve Bank of India Act.

#### The Central Board

131. Shri P. C. Bhattacharyya retired as Governor of the Bank on the expiry of his term of office on June 30, 1967. Shri M. R. Bhide relinquished his post of Deputy Governor of the Bank with effect from the close of business on January 25, 1967 to take over as Chairman of the Life Insurance Corporation of India. Dr. B. K. Madan also relinquished office as Deputy Governor, with effect from the close of business on January 31, 1967 to join the International Monetary Fund in the capacity of India's Executive Director. The Board wishes to place on record its high appreciation of the valuable services rendered by the retiring Governor and the Deputy Governors.

132. Shri L. K. Jha has been appointed as Governor of the Bank for a period of five years with effect from July 1, 1967. Shri A. Bakshi was appointed as a Deputy Governor of the Bank for a period of five years as from January 24, 1967 in the vacancy caused by the retirement of Shri C. S. Divekar. Shri J. J. Anjarla was appointed as a Deputy Governor for a period of three years with effect from February 1, 1967 vice Dr. B. K. Madan. Shri P. N. Damry was appointed as the fourth Deputy Governor for a period of five years. Shri Damry took up his appointment on February 13, 1967.

133. Shri S. Jagannathan, I.C.S., was nominated as a Director of the Central Board in terms of Section 8(1) (d) of the Reserve Bank of India Act, 1934 with effect from November 17, 1966 vice Shri S. Bhoothalingam. Shri C. P. N. Singh and Prof. M. Mujeeb retired as Directors from the Central Board of the Bank on

the expiry of their terms of office on January 14, 1967, but both were re-nominated by the Government of India as Directors of the Central Board in terms of Section 8(1)(c) of the Reserve Bank of India Act, 1934. Shri M. Sudarsanam resigned from the Central Board of the Bank with effect from December 30, 1966 and the consequential vacancy was filled by the nomination of Shri J. Ramdave Row as a Director of the Bank from June 8, 1967. Dr. Triguna Sen also resigned his Directorship of the Central Board with effect from March 13, 1967 and the resultant vacancy is yet to be filled by the Government of India.

134. Shri N. D. Nangia relinquished office as Executive Director with effect from the close of business on March 18, 1967 to take over as Chairman, Industrial Finance Corporation of India, New Delhi. Shri D. N. Maluste has been appointed as Executive Director with effect from that date *vice* Shri Nangia.

135. Eight meetings of the Central Board were held during the year, four in Bombay, two in New Delhi and one each in Calcutta and Madras. The Committee of the Central Board held fifty-two meetings, of which two were held in Calcutta, one each in New Delhi and Madras and the rest in Bombay.

#### **Local Boards**

136. Dr. Triguna Sen, a Member of the Eastern Area Local Board, resigned his membership from October 5, 1966 and Shri A. K. Sen was nominated in the consequential vacancy with effect from December 23, 1966.

137. Shri M. Sudarsanam resigned his membership of the Southern Area Local Board with effect from December 23, 1966, and the resultant vacancy was filled with effect from May 7, 1967 by the nomination of Shri M. K. Ramachandra in terms of Section 12(3) of the Reserve Bank of India Act.

#### **Opening and Closing of Offices**

138. The Note Cancellation and Verification Sections at Ludhiana, which had been functioning since February 1948, were closed down on May 20, 1967, and the staff and work of the sections were transferred to New Delhi office.

#### **Bank's Premises**

##### **A. Office Premises**

139. The construction of the Bank's new office building at Patna and the second phase of construction of the building at Kanpur is nearing completion. The first phase of construction of the office building (i.e., Annexe) at Hyderabad is in progress and that in respect of the office building at Bangalore will start shortly.

140. The work pertaining to the reclamation of the plots taken up by the Bank at the Backbay Reclamation, Bombay is in progress and the plans of the office building on these plots are being finalised. The proposed office buildings at Chandigarh, Bhubaneswar, Trivendrum, Jaipur and Gauhati and the proposed sub-office buildings at Poona, Gorakhpur and Tiruchirapally continue to be in the planning stage.

141. Land has been secured for the office building at Bhopal and for the sub-office building at Ajmer. Proceedings for the acquisition of a plot for the office building at Ahmedabad are in progress.

##### **B. Residential Quarters**

142. The construction of the additional building consisting of 8 officers' quarters and 14 single rooms at Veer Savarkar Marg, Dadar, has since been completed.

143. The construction of additional officers' quarters at Calcutta is nearing completion. The construction of staff quarters at Singhi Park, Calcutta and Rajendranagar, Patna, is in progress. Staff quarters at Bangalore and Bhubaneswar and additional staff quarters at Bombay, New Delhi and Madras are in the planning stage. Efforts are being made to acquire suitable land for staff quarters at other centres.

##### **C. Miscellaneous**

144. The construction of the Staff Training College and Hostel at Poona has been taken in hand.

**Employer-Employee Relations**

145. During the year, an agreement was reached between the representatives of the Bank and the representatives of the All-India Reserve Bank Workers' Federation in regard to the revision of scales of pay and allowances and certain other conditions of service of Class IV employees. The agreement was signed by both parties on February 7, 1967. As regards workmen employees in Class II and Class III, no agreement could, unfortunately, be reached, despite prolonged discussions. The Employees' Association, however, responded constructively to the approach of the management and, instead of pursuing an agitational approach, which would have affected adversely the normal functioning of the Bank and caused grave inconvenience to the public, agreed to have the points in dispute referred to a mutually acceptable arbitrator. On the joint request of the Bank and the Association, accordingly, the Government of India, on February 15, 1967, referred the dispute to Shri T. L. Venkatarama Iyer, a retired Judge of the Supreme Court of India for arbitration under Section 10(A) of the Industrial Disputes Act, 1947. The arbitration proceedings are at an advanced stage. The decisions of the Arbitrator, which will have been arrived at after the fullest consideration of all the material interests involved, will, it is hoped, reinforce the traditions of mutual understanding and co-operation existing between the management and staff whose common task it is to render service to the public.

**RESERVE BANK OF INDIA**  
**BALANCE SHEET AS AT JUNE 30, 1967**  
**ISSUE DEPARTMENT**

LIABILITIES		ASSETS	
	Rs. p.		Rs. p.
Notes held in the Banking Department . . . .	33,83,12,471.00	Gold Coin and Bullion :—	
Notes in circulation . . . .	3052,30,35,221.00	(a) Held in India . . . .	115,89,24,794.75
Total Notes issued. . . .	3086,13,47,692.00	(b) Held outside India. . . .	..
		Foreign Securities. . . .	185,41,99,949.97
		Total . . . .	302,31,24,744.72
		Rupee Coin . . . .	68,90,63,625.68
		Government of India Rupee Securities . . . .	2714,91,59,321.60
		Internal Bills of Exchange and other Commercial Paper. . . .	1..
<b>Total Liabilities . . . .</b>	<b>3086,13,47,692.00</b>	<b>Total Assets . . . .</b>	<b>3086,13,47,692.00</b>

## BANKING DEPARTMENT

LIABILITIES		ASSETS	
	Rs. p.		Rs. p.
Capital Paid-Up . . . . .	5,00,00,000·00	Notes . . . . .	33,83,12,471·00
Reserve Fund . . . . .	80,00,00,000·00	Rupee Coin . . . . .	81,504·00
National Agricultural Credit (Long-Term Operations) Fund . . . . .	131,00,00,000·00	Small Coin . . . . .	2,50,257·22
National Agricultural Credit (Stabilisation) Fund . . . . .	25,00,00,000·00	Bills Purchased and Discounted :—	
National Industrial Credit (Long-Term Operations) Fund . . . . .	30,00,00,000·00	(a) Internal . . . . .	..
		(b) External . . . . .	..
		(c) Government Treasury Bills . . . . .	265,94,60,247·72
		Balances held Abroad* . . . . .	21,50,42,934·01
		Investments† . . . . .	266,97,56,765·05
		Loans and Advances to :—	
Deposits :—		(i) Central Government . . . . .	..
(a) Government		(ii) State Governments‡ . . . . .	26,36,00,000·00
(i) Central Government . . . . .	50,69,72,606·46	Loans and Advances to :—	
(ii) State Governments . . . . .	12,14,14,428·34	(i) Scheduled Commercial Banks§ . . . . .	11,53,40,000·00
(b) Banks		(ii) State Co-operative Banks§ . . . . .	141,52,15,780·08
(i) Scheduled Commercial Banks . . . . .	147,54,33,610·79	(iii) Others . . . . .	2,43,80,000·00
(ii) Scheduled State Co-operative Banks . . . . .	8,78,73,755·51	Loans, Advances and Investments from National Agricultural Credit (Long-Term Operations) Fund . . . . .	
(iii) Non-Scheduled State Co-operative Banks . . . . .	96,41,625·59	(a) Loans and Advances to :—	
(iv) Other Banks . . . . .	9,79,902·84	(i) State Governments . . . . .	28,33,43,439·63
(c) Others . . . . .	319,03,61,429·35	(ii) State Co-operative Banks . . . . .	15,41,16,487·02
Bills Payable . . . . .	27,99,53,415·13	(iii) Central Land Mortgage Banks . . . . .	..
Other Liabilities . . . . .	47,79,79,617·74	(b) Investment in Central Land Mortgage Bank Debentures . . . . .	7,19,92,885·00
		Loans & Advances from National Agricultural Credit (Stabilisation) Fund. Loans and Advances to State Co-operative Banks . . . . .	8,81,85,806·75

		Loans, Advances and Investments from National Industrial Credit (Long-Term Operations) Fund.	
		(a) Loans and Advances to the Development Bank	5,24,15,360.00
		(b) Investment in bonds/debentures issued by the Development Bank	..
Other Assets		.	50,91,16,454.27
<b>Total Liabilities</b>		<b>886,06,10,391.75</b>	<b>Total Assets</b>
			<b>886,06,10,391.75</b>

Contingent liability on partly paid shares Rs. 10,50,001.05. (Sterling Investments of £50,000/- converted @ Rs. 100 = £4.7619).

\* Includes Cash and Short-Term Securities.

†(i) Excluding Investments from the National Agricultural Credit (Long-Term Operations) Fund and the National Industrial Credit (Long-Term Operations) Fund.

(ii) Includes £ 50,000 and U.S. \$997.500 held abroad.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long-Term Operations) Fund.

§ Includes Rs. Nil advanced to Scheduled Commercial Banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

|| Excluding Loans and Advances from the National Agricultural Credit (Long-Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

G. BALASUBRAMANIAN,  
Chief Accountant.

L. K. JHA, Governor.  
B. N. ADARKAR, Deputy Governor.  
A. BAKSI, Deputy Governor.  
J. J. ANJARIA, Deputy Governor.  
P. N. DAMRY, Deputy Governor.

Dated, the 21st July, 1967.

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED

	June 30, 1967	June 30, 1966	June 30, 1965
	Rs. p.	Rs. p.	Rs. p.
<b>INCOME</b>			
Interest, Discount, Exchange, Commission, etc. <sup>1</sup>	85,12,17,798·63	67,52,54,502·47	62,26,61,523·98
<b>EXPENDITURE</b>			
Establishment	10,24,00,952·84	8,94,25,875·37	7,51,04,498·81
Directors' & Local Board Members' fees and Expenses.	67,605·07	71,490·87	63,596·75
Auditors' Fees.	30,000·00	30,000·00	30,000·00
Rent, Taxes, Insurance, Lighting, etc.	58,19,576·85	40,45,684·58	36,03,995·68
Law Charges	14,708·45	48,332·67	18,967·99
Postage and Telegraph Charges	8,50,377·65	7,76,425·43	5,38,765·95
Remittance of Treasure	44,26,080·96	44,61,098·57	41,41,836·27
Stationery, etc.	16,15,830·06	20,27,981·10	14,04,875·10
Security Printing (Cheque, Note Forms, etc.)	4,65,24,897·71	3,94,18,299·90	2,48,34,512·20
Depreciation and Repairs to Bank Property	68,61,357·31	49,01,584·56	47,86,406·15
Agency Charges	7,83,59,733·25	2,60,72,804·94	2,45,19,273·05
Contributions to Staff and Superannuation Funds	7,32,000·00	7,32,000·00	7,32,000·00
Miscellaneous Expenses.	35,13,774·50	32,42,547·34	28,82,031·00
Net available balance	60,00,00,903·98	50,00,00,377·14	48,00,00,765·03
<b>Total</b>	<b>85,12,17,798·63</b>	<b>67,52,54,502·47</b>	<b>62,26,61,523·98</b>
Surplus payable to the Central Government.	60,00,00,903·98	50,00,00,377·14	48,00,00,765·03



## RESERVE FUND ACCOUNT

By Balance on 30th June, 1967. . . . .	80,00,00,000.00
By transfer from Profit and Loss Account . . . . .	Nil
<b>Total</b> . . . . .	<u>80,00,00,000.00</u>

<sup>1</sup> After making usual or necessary provisions in terms of Section 47 of the Reserve Bank of India Act.

L. K. JHA,	Governor.
B. N. ADARKAR,	Deputy Governor.
A. BAKSI,	Deputy Governor.
J. J. ANJARIA,	Deputy Governor.
P. N. DAMRY,	Deputy Governor.

G. BALASUBRAMANIAN,  
Chief Accountant.

## REPORT OF THE AUDITORS

TO THE PRESIDENT OF INDIA,

We, the undersigned Auditors of the Reserve Bank of India, do hereby report to the Central Government upon the Balance Sheet and Accounts of the Bank as at 30th June, 1967.<sup>2</sup>

We have examined the above Balance Sheet with the Accounts, Certificates and Vouchers relating thereto of the Central Office and of the Offices at Calcutta, Bombay and Madras and with the Returns submitted and certified by the Managers of the other Offices and Branches, which Returns are incorporated in the above Balance Sheet, and report that where we have called for explanations and information from the Central Board such information and explanations have been given and have been satisfactory. In our opinion, the Balance Sheet is a full and fair Balance Sheet containing the particulars prescribed by and in which the assets have been valued in accordance with the Reserve Bank of India Act, 1934 and the Regulations framed thereunder and is properly drawn up so as to exhibit a true and correct view of the state of the Banks affairs according to the best of our information and the explanations given to us, and as shown by the Books of the Bank.

S. B. BILLIMORIA & Co., BRAHMAYYA & Co., RAY & RAY,	} Auditors.
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Dated, the 21st July, 1967.

[No. F-3(60)BC/67.]  
D. N. GHOSH, Dy. Secy.

(Department of Economic Affairs)

New Delhi, the 11th September 1967

S.O. 3399.—Statement of the Affairs of the Reserve Bank of India as on the 1st September 1967.

BANKING DEPARTMENT

LIABILITIES	Rs.	ASSETS	Rs.
Capital Paid Up	5,00,00,000	Notes	42,17,92,000
		Rupce Coin	10,10,000
Reserve Fund	80,00,00,000	Small Coin	3,31,000
National Agricultural Credit (Long Term Operations) Fund	131,00,00,000	Bills Purchased and Discounted :—	
		(a) Internal	..
		(b) External	..
		(c) Government Treasury Bills	252,41,38,000
National Agricultural Credit (Stabilisation) Fund	25,00,00,000	Balances Held Abroad*	19,76,17,000
National Industrial Credit (Long Term Operations) Fund	38,00,00,000	Investments**	217,82,95,000
		Loans and Advances to :—	
		(i) Central Government	..
		(ii) State Governments @	56,46,88,000

Deposits:—

(a) Government

(i) Central Government . . . . .	70,19,94,000
(ii) State Governments . . . . .	5,11,49,000

(b) Banks

(i) Scheduled Commercial Banks . . . . .	128,49,20,000
(ii) Scheduled State Co-operative Banks . . . . .	5,51,21,000
(iii) Non-Scheduled State Co-operative Banks . . . . .	1,06,41,000
(iv) Other Banks . . . . .	12,85,000

(c) Others

Bills Payable . . . . .	36,95,40,000
Other Liabilities . . . . .	39,32,25,000

Rupees . . . . . 851,52,23,000

Loans and advances to:—

(i) Scheduled Commercial Banks† . . . . .	6,99,95,000
(ii) State Co-operative Banks‡ . . . . .	156,63,14,000
(iii) Others . . . . .	3,07,80,000

Loans, Advances and Investments from National Agricultural Credit (Long Term Operations) Fund:—

(a) Loans and Advances to:—

(i) State Governments . . . . .	28,32,34,000
(ii) State Co-operative Banks . . . . .	14,67,88,000
(iii) Central Land Mortgage Banks . . . . .	—

(b) Investment in Central Land Mortgage Bank Debentures . . . . .	7,30,80,000
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Loans and Advances from National Agricultural Credit (Stabilisation) Fund:—

Loans and Advances to State Co-operative Banks . . . . .	5,11,000
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Loans, Advances and Investments from National Industrial Credit (Long Term Operations) Fund:—

(a) Loans and Advances to the Development Bank . . . . .	5,24,15,000
(b) Investment in bonds/debentures issued by the Development Bank . . . . .	—

Other Assets . . . . .	31,91,35,000
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Rupees . . . . . 851,52,23,000

\*Includes Cash and Short-term Securities.

\*\*Excluding investments from the National Agricultural Credit (Long Term Operations) Fund and the National Industrial Credit (Long Term Operations) Fund.

@Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

†Includes Rs. NIL advanced to scheduled commercial banks against usance bills under section 17(4)(c) of the Reserve Bank of India Act.

††Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

Dated the 6th day of September, 1967.

An Account pursuant to the Reserve Bank of India Act, 1934, for the week ended the 1st day of September 1967.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.	ASSETS	Rs.	Rs.
Notes held in the Banking Department .	42,17,92,000		Gold Coin and Bullion :—		
Notes in circulation . . . . .	2893,42,96,000		(a) Held in India . . . . .	115,89,25,000	
Total Notes issued . . . . .		2935,60,88,000	(b) Held outside India . . . . .	..	
			Foreign Securities . . . . .	166,42,00,000	
			TOTAL . . . . .		282,31,25,000
			Rupee Coin . . . . .		78,38,04,000
			Government of India Rupee Securities		2574,91,59,000
			Internal Bills of Exchange and other commercial paper . . . . .		..
TOTAL LIABILITIES . . . . .		2935,60,88,000	TOTAL ASSETS . . . . .		2935,60,88,000

Dated the 6th day of September 1967.

B. N. ADARKAR,  
Dy. Governor.  
[No. F.3(3)-BC/67.]

New Delhi, the 14th September 1967

S.O. 3400.—Statement of the Affairs of the Reserve Bank of India as on the 8th September, 1967.

FINANCIAL DEPARTMENT

LIABILITIES	Rs.	ASSETS	Rs.
Capital Paid Up . . . .	5,00,00,000	Notes . . . . .	19,04,64,000
Reserve Fund . . . .	80,00,00,000	Rupar Coin . . . . .	2,40,000
National Agricultural Credit (Long Term Operations) Fund . . . .	131,00,00,000	Small Coin . . . . .	3,68,000
National Agricultural Credit (Seasonal) Fund . . . .	25,00,00,000	Bills Purchased and Discounted—	
National Industrial Credit (Long Term Operations) Fund . . . .	30,00,00,000	(a) Internal . . . . .	..
		(b) External . . . . .	..
		(c) Government Treasury Bills . . . . .	296,13,26,000
		Balances Held Abroad* . . . . .	20,98,82,000
		Investments** . . . . .	190,87,01,000
		Loans and Advances to :—	
		(i) Central Government . . . . .	..
		(ii) State Governments@ . . . . .	20,27,54,000
Deposits—		Loans and Advances to :—	
(a) Government—		(i) Scheduled Commercial Banks† . . . . .	7,56,80,000
(i) Central Government . . . . .	53,06,45,000	(ii) State Co-operative Banks†† . . . . .	164,11,31,000
		(iii) Others . . . . .	2,75,80,000

ASSETS	Rs.	LIABILITIES	Rs.
		Advances from National Agricultural Credit Fund	
(1) Cash	13,24,40,000	Advances to State Governments	28,72,33,000
		Advances to State Cooperative Banks	14,48,84,000
(2) Loans		Advances to State Cooperative Societies	7,32,85,000
(3) Securities	150,10,00,000	Advances to the Development Bank	
(4) Other Assets	6,35,73,000	Advances to the State Cooperative Banks	8,55,00,000
	94,70,000		
	11,50,000		
(5) Other Assets	272,26,60,000	Advances to the Development Bank	5,24,15,000
	30,17,19,000		
Other Liabilities	25,35,73,000	Other Assets	71,85,25,000
Rupees	817,51,71,000	Rupees	817,51,71,000

\*Includes a small amount of term Securities.

\*\*Excluding advances from the National Agricultural Credit (Long Term Operations) Fund and the National Industrial Credit (Long Term Operations) Fund.

@ Excluding advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

†Includes Rs NIL advanced to scheduled commercial banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

††Excluding advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

Dated the 13th day of September, 1967.

An Account pursuant to the Reserve Bank of India Act, 1934, for the week ended the 8th day of September, 1967

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.	ASSETS	Rs.	Rs.
Notes held in the Banking Department . . . .	19,04,64,000		Gold Coin and Bullion :—		
Notes in Circulation . . . .	2954,51,93,000		(a) Held in India . . . .	115,89,25,000	
Total Notes issued . . . .		2973,56,57,000	(b) Held outside India . . . .	..	
			Foreign Securities . . . .	166,42,00,000	
			TOTAL . . . .		282,31,25,000
			Rupee Coin . . . .		76,33,73,000
			Government of India Rupee Securities		2614,91,59,000
			Internal Bills of Exchange and other commercial paper . . . .		—
TOTAL LIABILITIES . . . .		2973,56,57,000	TOTAL ASSETS . . . .		2973,56,57,000

Dated the 13th day of September 1967.

B. N. ADARKAR,

Dy. Governor.

[No F. 3(3)-BC/67.]

**S.O. 3401.**—In exercise of the powers conferred by section 53 of the Banking Regulation Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declare that the provisions of section 9 of the said Act shall not apply to the New Bank of India Ltd., New Delhi, in respect of the agricultural lands measuring about 4,209 square yards held by it at Batala Road, Amritsar, till the 5th September, 1968.

[No. F. 15(17)-BC/67.]

### CORRIGENDUM

*New Delhi, the 11th September 1967*

**S.O. 3402.**—In this Department Notification S.O. 2995, dated the 25th August, 1967, for the words "till the 1st August, 1966.", read 'till the 1st August, 1968.'

[No. F. 15(16)-BC/67.]

V. SWAMINATHAN, Under Secy.

(Department of Revenue and Insurance)

### ESTATE DUTY

*New Delhi, the 11th September 1967*

**S.O. 3403.**—The Central Government hereby renews the appointment of the undermentioned Valuers whose names were previously published as S.O. 2580 in Part II, Section 3(ii) of the Gazette of India, dated 1st August, 1964 hereto given in Schedule-1 & II for a further period of five years with effect from 12th July, 1967 and the 18th July, 1967, respectively.

Schedule-1 contains the names of persons whose present term of appointment expired on 11th July, 1967.

Schedule-2 contains the names of persons whose present term of appointment expired on 17th July, 1967.

2. The scale of charges for the remuneration of Valuers appointed by the Central Government for valuing any property shall be as fixed below and no such Valuer shall charge a fee at a scale higher than the scale so fixed:

Provided that where two or more properties are required to be valued:—

- (i) by a Committee of Arbitration or by a third Valuer in pursuance of a single order, or
- (ii) by a Valuer, in pursuance of a single reference made by a Controller of Estate Duty or at the instance of an accountable person,

all such properties shall be deemed to constitute a single unit of property for the purposes of fixing the fee payable to the Committee or the Valuer, as the case may be:

Provided further that where the same property or properties, required to be valued by the same Committee of Arbitration or, as the case may be, by the same Valuer, is or are common to more than one case and the valuation relates to the same date, the Committee of Arbitration or the Valuer shall be entitled to charge fees at the scale fixed below only in one case and in the remaining case or cases the said Committee of Arbitration or Valuer shall be entitled to charge fees not exceeding rupees one hundred per case.

### Scale of Charges

On the first Rs. 50,000 of the property so valued	½% of the value.
On the next Rs. 1,00,000 of the property so valued.	¼% of the value.
On the balance of the property so valued.	¼% of the value.

3. Notwithstanding anything contained in paragraph 2, the remuneration pay-



## APPENDIX

## SCHEDULE—I

Sl. No.	Name	Address.
<i>I. Engineers/Surveyors/Architects</i>		
1	Shri Noorani, K. A., B.E. (Civil), M.I.E. (Ind.)	c/o M/s. Karim Noorani & Co., Mustafa Building, Sir P. M. Road, Fort, Bombay.
2	Shri Rathod, M. P. B.E. (Civil), M.I.E. (Ind.), M.R.S.H. (Lond.) M.A.S.C.E. (N.Y.)	c/o M/s. M.P. Rathod & Co., 6, Union Bank Building, 3rd Floor, Apollo Street, Fort, Bombay-1.
3	Shri Anand, R. G. G.D. (Arch.), F.I.I.A.	c/o M/s. Anand Aptay & Jhabvala, Architects & Town Planners, 3/90, Connaught Circus, New Delhi.
4	Shri Kulra, K.R. B.A. (Hons.), C.E., M.I.E.	L-20, South Extension-II, New Delhi-16.
5	Shri Venkatesh Rao, C. R., B.Sc., B.E., A.M.I.E.	"Osmania Buildings" Narasimharaja Road, Bangalore-2.
<i>II. Accountants.</i>		
1	Shri Chakravorti, N., M.A., F.C.A.	c/o M/s. N. Chakravorti & Co., Chartered Accountants, 8/2, Hastings Street, Room No. 30, 2nd Floor, Calcutta-1.
2	Shri Dastur, D. N., F.C.A.	c/o M/s. D. N. Dastur & Co., No. 140-44, 5th Floor, New Stock Exchange Building, Apollo Street, Fort, Bombay-1.
3	Shri Kanga, J. R., F. C. A.	c/o M/s. J. R. Kanga & Co., Wadia Building, 123, Mahatma Gandhi Road, Fort, Bombay-1.
4	Shri Kapur, N. D., F.C.A.	c/o M/s. N. D. Kapur & Co., Chartered Accountants, Flat 2-A, Shankar Market, Connaught Circus, New Delhi-1.

## SCHEDULE II

Sl. No.	Name	Address
<i>Engineers/Surveyors/Architects</i>		
1	Shri Joglekar, P. G., B.E. (Bom.), M.I.E. (Ind.)	27, New Palasia, Indore.
2	Shri Mahal, B. S., M.I.E. (Ind.), A.M.I.E.E.	Village Hangoli, P.O. Mustafabad, District Ambala.
3	Shri Shah, P. C., B.E. (Civil)	Dandiwalla Nivas, Ashapuri Road, Navsari.

(Department of Revenue and Insurance)

ORDER

STAMPS

*New Delhi, the 23rd September 1967*

**S.O. 3404.**—In exercise of the powers conferred by clause (a) of sub-section (1) of section 9 of the Indian Stamps Act, 1899 (2 of 1899), the Central Government hereby reduces, one-half, the stamp duty chargeable under the said Act on mortgages without possession by the Industrial concerns in the Union Territories of Delhi and Chandigarh in favour of the Delhi Financial Corporation.

2. This order shall be deemed to have taken effect from 1st April 1967.

[No. 9-67—F. No. 1/47/67-Cus.VII-Stamps.]

M. S. SUBRAMANYAM, Under Secy.

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(Department of Revenue and Insurance)

CORRIGENDUM

*New Delhi, the 16th September 1967*

**S.O. 3405.**—In the Notification No. S.O. 2998 dated 24th August, 1967 published in Part II—Section 3—Sub-section (ii) of the Gazette of India dated 2nd September, 1967 at Page 3141 for "Shri Sripati Chatterji" read "Shri R. K. Malhotra."

[No. 102 (F.No. 16/14/66-ITB).]

WASIQ ALI KHAN, Dy. Secy.